

## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.



LEGISLATIVE HISTORY

Public Law 898-84th

H.R. 9260

TABLE OF CONTENTS

|                                              |   |
|----------------------------------------------|---|
| Digest of Public Law 898- 84th Congress..... | 1 |
| Index and summary of H. R. 9260.....         | 2 |



DIGEST OF PUBLIC LAW 898-84 Congress

DISPOSALS OF LANDS RESTORED FROM WITHDRAWALS IN ALASKA (approved August 1, 1956). Authorizes the Secretary of the Interior to dispose of lands restored from highway, telephone line, and pipeline withdrawals in Alaska. Lands under the jurisdiction of other Departments may not be disposed of by Interior without the consent of the other interested Department.



## INDEX AND SUMMARY OF H. R. 9260

|               |                                                                                                         |
|---------------|---------------------------------------------------------------------------------------------------------|
| Feb. 14, 1956 | Rep. Christopher introduced H. R. 9260, which was referred to Committee on Veterans' Affairs.           |
| Mar. 28, 1956 | House committee reported H. R. 9260 with amendment. H. Rept. No. 1971. Print of bill and report.        |
| Apr. 23, 1956 | H. R. 9260 passed House with amendment.                                                                 |
| Apr. 24, 1956 | H. R. 9260 referred to Senate committee on Labor and Public Welfare. Print of bill as referred.         |
| June 27, 1956 | Senate subcommittee ordered H. R. 9260 reported.                                                        |
| June 28, 1956 | Senate committee ordered reported H. R. 9260.                                                           |
| July 11, 1956 | Senate committee reported H. R. 9260 with amendments. Senate Report No. 2489. Print of bill and report. |
| July 21, 1956 | H. R. 9260 passed Senate as reported.                                                                   |
| July 23, 1956 | House concurred in Senate amendments.                                                                   |
| Aug. 1, 1956  | Approved: P. L. 898-84th Congress.                                                                      |









84TH CONGRESS  
2D SESSION

# H. R. 9260

---

## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 14, 1956

Mr. CHRISTOPHER introduced the following bill; which was referred to the Committee on Veterans' Affairs

---

## A BILL

To amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That title III of the Servicemen's Readjustment Act of  
4       1944, as amended, is hereby amended as follows:

5       (1) Section 500 (a) is amended by deleting the colon  
6       immediately preceding the last proviso and inserting in lieu  
7       thereof the following: "and, notwithstanding any other pro-  
8       vision of this section to the contrary, an entitlement may  
9       be so excluded and restored to the use of any veteran at any  
10      time prior to January 31, 1965, for the purpose of obtain-

1 ing a loan which will be guaranteed or insured in accord-  
2 ance with the provisions of this title;”.

3 (2) Section 500 (c) is amended by striking the third  
4 sentence and inserting in lieu thereof: “Upon making a loan  
5 as provided herein, the lender shall forthwith transmit to  
6 the Administrator a report thereof in such detail as the  
7 Administrator may, from time to time, prescribe.”

8 (3) Section 501 (a) is amended by striking subsection  
9 (3) and inserting in lieu thereof the following: “(3) That  
10 the price paid or to be paid by the veteran for such property,  
11 or for the cost of construction, repairs, or alterations, does  
12 not exceed the reasonable value thereof as determined by  
13 the Administrator.”

14 (4) Section 502 (a) is amended by striking out sub-  
15 section (4) and inserting in lieu thereof the following:  
16 “(4) That the price paid or to be paid by the veteran  
17 for such property, or for the cost of construction, repairs,  
18 or alterations, does not exceed the reasonable value thereof  
19 as determined by the Administrator.”

20 (5) Section 503 is amended by striking out subsection  
21 (4) and inserting in lieu thereof the following: “(4) That  
22 the price paid or to be paid by the veteran for such property,  
23 or for the cost of construction, repairs, or alterations, does  
24 not exceed the reasonable value thereof as determined by  
25 the Administrator.”

1       (6) Section 503A is amended by striking out the first  
2 paragraph and inserting in lieu thereof the following: "Who-  
3 ever knowingly makes, effects, or participates in a sale of any  
4 property to a veteran for a consideration in excess of the  
5 reasonable value of such property as determined by the  
6 Administrator, shall, if the veteran pays for such property  
7 in whole or in part with the proceeds of a loan guaranteed  
8 by the Veterans' Administration under section 501, 502,  
9 or 503 of this title, be liable for three times the amount of  
10 such excess consideration irrespective of whether such per-  
11 son has received any part thereof."

12       (7) Section 504 is amended by adding a new sub-  
13 section (d) to read as follows: "(d) No loan for the pur-  
14 chase or construction of residential property shall be financed  
15 through the assistance of the provisions of this title unless  
16 the veteran applicant, at the time that he applies for the  
17 loan, and also at the time that the loan is closed, certifies,  
18 in such form as may be required by the Administrator, that  
19 he intends to occupy the property as his home. No loan  
20 for the repair, alteration, or improvement of residential  
21 property shall be financed through the assistance of the pro-  
22 visions of this title unless the veteran applicant, at the time  
23 that he applies to the lender for the loan, and also at the time  
24 that the loan is closed, certifies, in such form as may be  
25 required by the Administrator, that he occupies the property



1 as his home. For the purpose of this title the requirement  
2 that the veteran recipient of a guaranteed or direct home  
3 loan must occupy or intend to occupy the property as his  
4 home shall be construed to mean that the veteran as of  
5 the date of his certification actually lives in the property  
6 personally as his residence or actually intends upon comple-  
7 tion of the loan and acquisition of the dwelling unit to move  
8 into the property personally within a reasonable time and  
9 to utilize such property as his residence.”

10 (8) Section 506 is amended by designating the exist-  
11 ing provisions therein as subsection (a) and by adding  
12 a new subsection (b) to read as follows: “(b) Whenever  
13 any veteran disposes of residential property securing a  
14 guaranteed, insured, or direct loan obtained by him under  
15 this title, the Administrator, upon application made by  
16 such veteran and by the transferee incident to such disposal,  
17 shall issue to such veteran in connection with such disposal  
18 a release relieving him of all further liability to the Admin-  
19 istrator on account of such loan (including liability for  
20 any loss resulting from any default of the transferee or any  
21 subsequent purchaser of such property) if the Administrator  
22 has determined, after such investigation as he may deem  
23 appropriate, that (1) the loan is current, and (2) the  
24 purchaser of such property from such veteran (a) has  
25 obligated himself by contract to purchase such property and

1 to assume full liability for the repayment of the balance of  
2 the loan remaining unpaid, and (b) qualifies from a credit  
3 standpoint, to the same extent as if he were a veteran  
4 eligible under section 501 (a), for a guaranteed or insured  
5 or direct loan in an amount equal to the unpaid balance  
6 of the obligation for which he has assumed liability.”

7 (9) Section 507 is amended by striking out subsec-  
8 tion (3) and inserting in lieu thereof the following: “(3)  
9 The amount of the guaranteed loan does not exceed the  
10 reasonable value of the property or business, as determined  
11 by the Administrator.”

84TH CONGRESS  
2D SESSION

# H. R. 9260

## A BILL

To amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes.

By Mr. CHRISTOPHER

FEBRUARY 14, 1956

Referred to the Committee on Veterans' Affairs







AMENDING TITLE III OF THE SERVICEMEN'S READJUSTMENT  
ACT TO PROVIDE THAT A SECOND PURCHASER BE ACCEPTED  
IN LIEU OF THE ORIGINAL VETERAN PURCHASER

---

MARCH 28, 1956.—Committed to the Committee of the Whole House on the  
State of the Union and ordered to be printed

---

Mr. TEAGUE of Texas, from the Committee on Veterans' Affairs,  
submitted the following

REPORT

[To accompany H. R. 9260]

The Committee on Veterans' Affairs, to whom was referred the bill  
(H. R. 9260) to amend title III of the Servicemen's Readjustment Act  
of 1944, as amended, and for other purposes, having considered the  
same, report favorably thereon with amendment and recommend that  
the bill do pass.

The amendment is as follows:

On page 2, line 2, strike out "title;" and insert:

title: ", and such section 500 (a) is further amended by  
adding at the end thereof the following: "In computing the  
aggregate amount of guaranty or insurance entitlement  
available to a veteran under this title, the Administrator  
shall exclude the amount of guaranty or insurance entitle-  
ment previously used for any loan guaranteed or insured  
under section 501 which has been repaid in full, and with  
respect to which the real property which served as security  
for the loan has been disposed of because the veteran, while  
in the active service, was transferred by the military depart-  
ment with which he was serving."

EXPLANATION OF BILL

This bill amends the Servicemen's Readjustment Act (World War II  
GI bill of rights), Public Law 346, 78th Congress, by providing:

(1) That where a veteran of World War II has lost his property  
which had been obtained with the aid of a loan guaranteed by the  
Veterans' Administration, through condemnation for public use, or

destroyed by fire or other natural hazard, or disposed of for other compelling reasons devoid of fault on the part of the veteran, he may have until January 31, 1965, to obtain a new guaranteed loan. If this bill is not enacted his right will terminate on July 25, 1957.

(2) Appropriate sections of title III of the above-mentioned act provide that the price paid by the veteran for a dwelling shall be certified as not exceeding the reasonable value thereof as determined by proper appraisal made by the appraiser designated by the Administrator. There has arisen some doubt in the minds of lenders as to whether or not the Veterans' Administration was carrying out the intent of the Congress in requiring the appraiser to submit his appraisal of reasonable value to the Veterans' Administration for review and possible adjustment, and one of the sections of this bill would correct this doubt and remove the technicality involved by specifically vesting responsibility in the Administrator for determination of reasonable value.

(3) The Committee on Veterans' Affairs and its Subcommittee on Housing have had numerous instances brought to its attention where veterans have sold or otherwise disposed of their entitlement to a guaranteed housing loan by purchasing a home with the intention of conveying it to a third party pursuant to prearrangement with such third party, contrary to the provisions of the law. The key to this entire problem is whether or not the veteran intends to occupy the house which he has purchased as his home. Subsection 7 of this bill will require the veteran to certify at the time he makes application for a loan and at the time title passes that he intends to occupy the property as his home.

(4) Under existing law, when a veteran purchaser sells his house to another party and the second purchaser defaults on the loan, the veteran is liable to the Veterans' Administration for the amount of the guaranty paid by the Government in connection with the mortgage. Subsection 8 of this bill provides that where the veteran sells his home the veteran and the prospective buyer can make application to the Administration for acceptance of the second buyer in lieu of the original purchaser.

The Servicemen's Readjustment Act as originally enacted contains, in part, in title III, authorization for guaranteed loans to veterans of World War II. Direct loans to veterans of World War II were provided by an amendment to the act in April of 1950 by Public Law 475, 81st Congress. Public Law 550, 82d Congress, extended these loan benefits to veterans of the Korean conflict.

Section 500 provides that under certain conditions a veteran can reinstate his entitlement. However, with respect to World War II veterans the right to reinstatement will expire July 25, 1957, when the provision for the entitlement of World War II veterans to purchase homes with Veterans' Administration assisted financing expires. There are numerous plans for future superhighways and freeways, and many of the present veterans' homes will be subject to public condemnation thereby forcing the veteran out of his home. If this occurs after the expiration of the benefits for World War II veterans, under the present law, he will not be able to have his entitlement reinstated. Therefore, subsection 1 of this bill provides that World War II veterans who lose their homes by public condemnation, natural hazards, or other compelling reasons devoid of fault on the part of the



veterans, can have their entitlements reinstated during the life of the Korean benefits, which expire on January 31, 1965.

The amendment adopted by the committee provides that an eligible veteran still in service upon being transferred by orders, can dispose of his home, pay off his guaranteed loan and have his entitlement reinstated.

Section 500 (c) refers to the appraisal report of the designated appraiser and sections 501 (a), 502 (a), 503, 503A, and 507 all contain the provision that the price paid by the veteran must not exceed the reasonable value thereof as determined by proper appraisal made by an appraiser designated by the Administrator. In the beginning of the program the lender selected the appraiser from an approved roster furnished by the Veterans Administration. The appraiser made his report to the lender who in turn made the loan based upon the appraiser's recommended reasonable value. Under this procedure the lender was able to determine for himself that the loan did not exceed the recommended reasonable value made by the appraiser. The Veterans Administration, however, changed this procedure, due to the many abuses, and designated the appraiser themselves and had the appraiser make his report direct to the Veterans Administration, which after review of such report makes a determination of reasonable value. Under this procedure the lender does not know if the amount paid by the veteran exceeds the recommended reasonable value established by the designated appraiser.

Some lenders have withdrawn from the program due to this technicality in fear of loans being declared illegal in the future. To correct this technicality, Subsections 2 through 6 and Subsection 9 of the bill change the wording of the sections mentioned to comply with the present policies and procedures of the Veterans Administration.

Sections 501 and 512 contain the requirements that the home or residence of the veteran is to "be occupied by him as his home." Under the present Veterans' Administration policies and procedures the veteran is required to certify at the time of his application for a guaranteed or insured loan that he intends to occupy the property as his home. The committee has found in all of its investigations concerning the sale of veterans' entitlements that the veterans paid little or no attention to this certification. Many of them readily admitted that at the time they signed the application they had no intention of occupying the property as their home. In order to bring this requirement to the attention of all and emphasize it to all future prospective veteran home buyers, subsection 7 of the bill requires that in addition to the certification made at the time he executes the application for a guaranteed home loan, the veteran shall again certify that he intends to occupy the property as his home at the time of the closing of the loan.

Under section 509, the Administrator was given authority to grant release to veteran purchasers of liability to the Administrator on a guaranteed loan wherein he deemed it appropriate to do so. This authority has been little used and the rules and regulations issued as a result of this section barred most all veterans from obtaining a release of their liability to the Administrator in cases where they have sold their home and permitted the buyer to assume their guaranteed or insured loan. These regulations go so far as to state that the veteran will not be relieved of liability unless the second buyer is a better

financial risk than the original veteran buyer. In other words, the original veteran will be released only in cases where it is to the distinct advantage of the Government. The second buyer, regardless of his status as a veteran or a nonveteran, in assuming a guaranteed or insured loan derives many of the benefits afforded under such a loan without necessarily assuming the responsibility for such loan to the Administrator. If the second purchaser defaults and there is a deficiency claim as a result thereof, the original veteran purchaser is liable for such deficiency under the present laws. Subsection 8 of the bill provides that where a veteran sells his home which was obtained with a Veterans' Administration loan, he and the prospective buyer can make application to the Administrator for the acceptance of the second buyer in lieu of the original veteran purchaser. The requirements for the acceptance of this second buyer is that he assumes full liability for repayment of the unpaid balance of the loan, he is acceptable under the same credit requirements as the original veteran purchaser, and the loan must be current.

#### COSTS

The bill will not increase the administrative costs of operation, nor will additional benefit appropriation be required. If anything, there should be some savings by having a concrete policy defined.

The report of the Veterans' Administration follows:

VETERANS' ADMINISTRATION,  
OFFICE OF THE ADMINISTRATOR  
OF VETERANS' AFFAIRS,  
Washington, D. C., March 5, 1956.

HON. OLIN E. TEAGUE,  
*Chairman, Committee on Veterans' Affairs,  
House of Representatives, Washington, D. C.*

DEAR MR. TEAGUE: This will refer to your request for a report by the Veterans' Administration on H. R. 9260, H. R. 9264, H. R. 9282, H. R. 9287 and H. R. 9362, 84th Congress, each entitled "A bill to amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes." (Except for minor variations in punctuation and typography, as hereafter described, the bills are identical.)

The purpose of these measures is to amend title III of the Servicemen's Readjustment Act of 1944, as amended, in a number of particulars. Section 500 (a) would be amended to permit veterans of World War II to have their GI loan entitlement restored and reused at any time prior to January 31, 1965, where the property subject to the initial use of entitlement was taken by condemnation, destroyed by natural hazard or otherwise disposed of for compelling reasons without fault on the part of the veteran. Sections 500 (c), 501 (a), 502 (a), 503, 503A and 507 would be amended so as to delete certain references therein to determinations by proper appraisal made by an appraiser designated by the Administrator and to rephrase these provisions to provide for such determinations by the Administrator. A new subsection would be added to section 504 to require that a veteran applicant for a loan to purchase, construct or repair, alter or improve a home, certify, at the time he applies for the loan and at the time the



loan is closed, that he occupies or intends to occupy the property as his home. The bills would also add a new subsection to section 506 to permit a veteran obligor on a current loan to be released from liability on the guaranty to the Administrator when he disposes of residential property securing the loan obligation to a credit-worthy transferee who has assumed full liability for the repayment of the unpaid balance of such loan.

The proposed amendment to section 500 (a) is substantially similar to that contained in H. R. 6975, 84th Congress, on which the Veterans' Administration made a report to your committee dated September 9, 1955 (Committee Print No. 180), except that appropriate language as suggested in that report has been included in the subject bills to clarify the intent of the Congress that the entitlement mentioned therein shall be restored only at such time as the veteran is in need of assistance, thereby reducing the administrative burden to that actually necessary at the time. It is also to be noted that the proposed amendments to section 500 (c), 501 (a), 502 (a), 503, 503A and 507 are identical with the provisions of H. R. 7107, 84th Congress (with the exception that a proposed reference to sec. 513 in the amendment to sec. 503A has been deleted in the subject measures). A report by the Veterans' Administration with respect to H. R. 7107 was made to the committee on July 20, 1955 (Committee Print No. 157). The views expressed in the mentioned reports on H. R. 6975 and H. R. 7107 are equally applicable to the corresponding provisions in the subject bills. The present report will, therefore, be confined to a discussion of the proposed amendments to sections 504 and 506 of the Servicemen's Readjustment Act relating to the certification of home occupancy and release of liability on the guaranty, respectively.

With respect to the proposal to amend section 504 so as to require a certification of occupancy, or intent to occupy, residential property it should be noted that under current procedures veterans applying to lenders who are required to or who voluntarily submit proposed loans to the Veterans' Administration for prior approval are required to certify on the loan application form (VA Form 4-1802) as to their intention to occupy the property as a home. A certification of occupancy has not been required of the veteran on the certification of loan disbursement (VA Form 4-1876) which the lender submits after the loan is closed in prior approval cases, since the veteran at the present time is not required to execute that form. In cases where supervised lenders elect to make loans under the automatic procedure the veteran applies to the lender for a loan and the lender proceeds to complete the loan to the veteran and then submits a report to the Veterans' Administration on VA Form 4-1820. The veteran currently certifies on this form concerning his occupancy intention. In such automatic procedure cases the proposed requirement that the veteran also make a certification "at the time that he applies for the loan" to the lender might well be considered a "redtape" irritant by supervised lenders. In such cases there would have to be a separate certification which the lender would have to attach to his loan report when submitting the report to the Veterans' Administration.

In view of the foregoing considerations in connection with loan processing, the question is raised as to whether it might not suffice, both in the case of loans made under the automatic procedure and under the prior approval procedure, to require only that the veteran

execute a single certification which would be "at the time that the loan is closed," thereby obviating the necessity for having a supervised lender obtain a certification from the veteran when he first applies to it for a loan in an automatic procedure case. The crucial moment for the requisite intention on the part of the veteran would seem to be the time that the loan is closed. It is the opinion of the Veterans' Administration that if the proposed amendment were modified to require a certification by the veteran at the time that the loan is closed it would accomplish the objective of the amendment and at the same time would be more acceptable to supervised lenders electing to process loans under the automatic procedure. In prior approval cases the Veterans' Administration could, as a matter of policy, continue to require the veteran to certify regarding his occupancy intention at the time that he applies to the lender for a loan and executes an application for loan guaranty on VA form 4-1802.

The proposed amendment to section 506 of the Servicemen's Readjustment Act (item (8) of the subject bills) would require the Veterans' Administration to release a veteran from liability to the Government where the veteran has sold residential property securing a guaranteed, insured, or direct loan, if the Veterans' Administration determines that (1) the loan is current, (2) the purchaser has assumed full liability for the repayment of the loan balance, and (3) qualifies from a credit standpoint for a guaranteed, insured, or direct loan in an amount equal to the unpaid balance for which he has assumed liability. At the outset it is to be noted that the proposed amendment relates to transfers of residential property only, thereby excluding business and farm property transfers. Thus a veteran who sells his home to a purchaser who meets the requirements stated in the amendment can qualify for a release from liability to the Government although a veteran who disposes of business or farm property will not be entitled to such release. The effect of the amendment in this respect is to establish preference for residential property owners over veterans who used their entitlement to purchase business or farm property.

Another aspect of the proposal which should be noted is that the amendment is prospective and, therefore, veterans who are now indebted to the Government because of the payment of the guaranty resulting from a default by a transferee of property will not be benefited although it is entirely possible that at the time the property was sold by those veterans they could have qualified for a release from liability under the provisions of the proposed amendment. In this respect the amendment might be considered by such veterans to be discriminatory.

A more important effect of the amendment, it is believed, is the prejudicial effect it would have on the interests of the Government. In many, if not most, instances the veteran who voluntarily disposed of his home realized a profit when he did so. Thus a veteran who realizes a profit, and the profit may have been substantial, will, under the amendment, gain to the extent of the profit and also be released from the risk of liability to the Government notwithstanding the fact that the Government later sustains a loss because of the default of the veterans' transferee or of a purchaser to whom that transferee sold the property. In this respect it is questioned as to whether the best interests of the Government are served where the veteran is



allowed to realize a profit and at the same time be released from future liability that might be incurred by the Government if it is required to pay a guaranty on the loan which he obtained.

Under the basic statute the debtor-creditor relationship between the borrower and the lender is carried on throughout the entire loan transaction, and the Veterans' Administration, which acts in the capacity of the guarantor of the loan only, is not a party to the immediate contract terms. It is therefore important to point out that any arrangement which the Veterans' Administration might make with the veteran could not affect the holder's vested rights, and therefore, unless the holder also agreed to the substitution of mortgagors the veteran would still be liable on the indebtedness so far as the holder is concerned.

Under section 509 of the Servicemen's Readjustment Act, as amended, the Administrator is given discretionary authority to grant releases of the nature contemplated by the subject proposal where he deems it appropriate to do so. Under current operating policies and procedures such consent is granted only upon the request of the holder and in limited cases. The Veterans' Administration Manual, entitled "Loan Guaranty Operations for Regional Offices" (M4-8, pt. III), provides as follows:

#### 2.40 RELEASE OF PERSONAL LIABILITY

Pursuant to VA Regulation 4324 (F) (but with certain exceptions noted therein) the Government's obligation as guarantor or insurer/will be invalidated upon the release of the personal liability of any obligor on a guaranteed or insured loan without the prior approval of Veterans' Administration.

a. *Restrictions.* It is not contemplated that requests for such releases will be granted as a mere matter of course. The personal liability of an obligor on a guaranteed or insured loan is a contingent asset of the Government, and a release thereof will not be given unless it will best serve the Government's interests. For example, if by reason of the advantageous financing or otherwise, the property is being sold by the present owner at a substantial profit and the release of personal liability is an additional benefit solely for his own convenience and protection, the release will not be granted. On the other hand, if the credit rating of the assumer is superior to that of the present obligor and the transfer will result in the reinstatement of a defaulted loan, a release of personal liability would be proper, if this is required as a condition of the sale. In other words, a release will not be granted merely for the present owner's convenience, but if the present owner is in trouble with his mortgage and the interests of the Government as well as the holder will be best served by transfer of the obligation to stronger hands, the release will be granted—particularly in cases of this kind where the sale is conditioned upon such release. (See also par. 2.14c and e hereof.)

b. *Government's Right of Indemnification.* Where the original veteran-borrower's personal liability will be released incident to the transfer, it must be remembered that it is only with respect to him that the Government's right of indemnification arises. The retention of this right becomes particularly important in those jurisdictions where considerable time and expense is involved by the necessity of retaining the liability of assumers through a deficiency judgment. Therefore, unless the purchaser agrees to assume the indemnity obligation of the veteran, a release of the veteran's personal liability would not ordinarily be granted without due consideration of the Government's interests in this regard.

By way of technical observation it may be noted that minor variations in punctuation occur in the subject bills. For example, on page 3, lines 17 and 20, of H. R. 9260 there is a comma following the words "certifies" and "alteration", respectively, and one or both of these commas are omitted in certain of the other bills. It is also noted that the punctuation at the end of line 2, page 2, of H. R. 9260 is printed as "of this title;" whereas different versions

appear in the other measures (none of which, however, show the preferable "of this title: '"). Two of the bills (H. R. 9264 and H. R. 9287) have a typographical error in item (4) on page 2 where the words "cost on construction" should be "cost of construction".

In summary, it is the view of the Veterans' Administration that the proposal to permit restoration of entitlement until January 31, 1965, for certain veterans of World War II would seem to discriminate against those veterans of World War II who would be unable to avail themselves of unused entitlement subsequent to July 25, 1957. This Agency would have no objection to the various amendments to the Servicemen's Readjustment Act which would delete references to designated appraisers and clarify the fact that final determinations of reasonable value vest in the Administrator. The objectives of the proposal to require occupancy certifications are viewed with favor but it is believed that a modification of this proposal to require a certification by the veteran applicant only at the time the loan is closed would provide the desired safeguards without undue complications in loan processing. Finally, it is considered that the proposed amendment to section 509 of the Servicemen's Readjustment Act to release a veteran from liability to the Administrator, in the circumstances stated, would not, for the reasons given above, be in the best interests of the Government.

In view of all of the foregoing I am unable to recommend favorable consideration of the subject bills by the committee in their present comprehensive form.

Due to the urgent request of the committee for a report on these measures, there has not been sufficient time in which to ascertain from the Bureau of the Budget the relationship of the proposed legislation to the program of the President.

Sincerely yours,

JOHN S. PATTERSON,  
*Acting Administrator.*

#### RAMSEYER RULE

In accordance with clause 3 of rule XIII of the Rules of the House of Representatives, the changes made in existing law by the bill are shown as follows (existing law proposed to be omitted is in black brackets; new matter is in italics; existing law in which no changes are proposed is shown in roman):

#### H. R. 9260 AS INTRODUCED

[Title III, Public Law 346, 78th Cong., as Amended]

### TITLE III—LOANS FOR THE PURCHASE OR CONSTRUCTION OF HOMES, FARMS, AND BUSINESS PROPERTY

#### CHAPTER V—GENERAL PROVISIONS FOR LOANS

SEC. 500 (38 U. S. C. 694). (a) Any person who shall have served in the active military or naval service of the United States at any time on or after September 16, 1940 and prior to the termination of the present war, or at any



time on or after June 27, 1950, and prior to such date as shall be determined by Presidential proclamation or concurrent resolution of the Congress, and who shall have been discharged or released therefrom under conditions other than dishonorable after active service of ninety days or more, or by reason of an injury or disability incurred in service in line of duty, shall be eligible for the benefits of this title. Entitlement derived from service on or after June 27, 1950, shall (1) cancel any unused entitlement derived from service prior to June 27, 1950, and (2) be reduced by the amount entitlement from such prior service shall have been used to obtain a direct, guaranteed, or insured loan (a) on real property which the veteran owns at the time of application or (b) as to which the Administrator shall have incurred actual liability or loss, unless in the event of loss or the incurrence [and payment of such liability by the Administrator, the resultant indebtedness of the veteran to the Government shall have been paid in full. The unmarried widow of any person who met the service requirements for benefits under this title and who died, either in service or after separation from service under conditions other than dishonorable, as a result of injury or disease incurred in or aggravated by such service in line of duty (other than any such widow who by reason of her own service is eligible for the benefits of this title), shall also be eligible for the benefits of this title; and the term "veteran" as used in this title shall include any such unmarried widow. Any loan made by such veteran within ten years after the termination of the war,<sup>1</sup> and any loan to a veteran eligible by virtue of active service on or after June 27, 1950, if made within ten years after such date as shall be determined by Presidential proclamation or concurrent resolution of the Congress, for any of the purposes, and in compliance with the provisions, specified in this title, is automatically guaranteed by the Government by this title in an amount not exceeding fifty per centum of the loan: *Provided*, That the aggregate amount guaranteed] shall not exceed \$2,000 in the case of non-real-estate loans, nor \$4,000 in the case of real-estate loans; or a prorated portion thereof on loans of both types or combination thereof. In computing the aggregate amount of guaranty or insurance entitlement available to a veteran under this title, the Administrator may in his discretion exclude the initial use of the guaranty or insurance entitlement used for any loan with respect to which the security (1) has been taken (by condemnation or otherwise) by the United States, any State, or a local government agency for public use, or (2) has been destroyed by fire or other natural hazard, or (3) has been disposed of because of other compelling reasons devoid of fault on the part of the veteran *and, notwithstanding any other provision of this section to the contrary, any entitlement may be so excluded and restored to the use of any veteran at any time prior to January 31, 1965, for the purpose of obtaining a loan which will be guaranteed or insured in accordance with the*

*provisions of this title: Provided, That any amount paid by the Administrator under section 500 (c) of this part shall be deducted from the amount payable on the succeeding loan under that section.*

(b) Loans guaranteed under this title shall be payable under such terms and conditions as may be agreed upon by the parties thereto, subject to the conditions and limitations of this title and the regulations issued pursuant to section 504: *Provided, That the liability under the guaranty within the limitations of this title shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the obligation: Provided further, That loans guaranteed under this title shall bear interest at a rate not exceeding 4 per centum per annum and shall be payable in full in not more than thirty years, or in the case of loans on farm realty in not more than forty years: And provided further, That (1) the maturity of a non-real-estate loan shall not exceed ten years; (2) any loan for a term in excess of five years shall be amortized in accordance with established procedure; (3) except as provided in section 505 any real-estate loan, other than for repairs, alterations or improvements, shall be secured by a first lien on the realty, and a non-real-estate loan, except as to working or other capital, merchandise, good-will and other intangible assets, shall be secured by personalty to the extent legal and practicable: And provided further, That the Administrator, with the approval of the Secretary of the Treasury, may prescribe by regulation from time to time such rate of interest, not in excess of 4½ per centum per annum, as he may find the loan market demands.*

(c) An honorable discharge shall be deemed a certificate of eligibility to apply for a guaranteed loan. Any veteran who does not have a discharge certificate, or who received a discharge other than honorable, may apply to the Administrator for a certificate of eligibility. [Upon making a loan as provided herein, the lender shall forthwith transmit to the Administrator a statement setting forth the full name and serial number of the veteran, amount and terms of the loan, and the legal description of the property, together with the appraisal report made by the designated appraiser.] *Upon making a loan as provided herein, the lender shall forthwith transmit to the Administrator a report thereof in such detail as the Administrator may, from time to time, prescribe.* Where the loan is automatically guaranteed, the Administrator shall provide the lender with a loan guaranty certificate or other evidence of the guaranty. He shall also endorse on the veteran's discharge, or eligibility certificate, the amount and type of guaranty used, and the amount, if any, remaining. An amount equivalent to 4 per centum on the amount originally guaranteed shall be paid to the lender by the Administrator out of available appropriations, to be credited upon the loan.

Nothing herein shall be deemed to preclude the assignment of any guaranteed loan nor the assignment of the security therefor.

(d) Loans guaranteed hereunder may be made (1) by any Federal land bank, national bank, State bank, private bank, building and loan association, insurance company, credit union, or mortgage and loan company—that is subject to examination and supervision by any agency of the United States or of any State or Territory, including the District of Columbia, or (2) by any State. Any loan at least 20 per centum of which is guaranteed under this title may be made by any national bank, or Federal savings and loan association; or by any bank, trust company, building and loan association or insurance company organized or authorized to do business in the District of Columbia; without regard to the limitations and restrictions of any other statute with respect to—

- (1) ratio of amount of loan to the value of the property;
- (2) maturity of loan;
- (3) requirement for mortgage or other security;
- (4) dignity of lien; or
- (5) percentage of assets which may be invested in real estate loans.

(e) Any loan proposed to be made to an eligible veteran by any lender not of a class specified in subsection (d) may be guaranteed by the Administrator, if he finds that it is in accord otherwise with the provisions of this title, as amended.

(f) Notwithstanding the provisions in this title respecting automatically guaranteed loans, the Administrator may at any time upon thirty days' notice require loans to be made by any lender or class of lenders to be submitted for prior approval, and no guaranty or insurance liability shall exist in respect to such loans unless evidence of guaranty or insurance is issued by the Administrator.

#### PURCHASE OR CONSTRUCTION OF HOMES

SEC. 501 (38 U. S. C. 694a) (a) Any loan made to a veteran under this title, the proceeds of which are to be used for purchasing residential property or constructing a dwelling to be occupied as his home or for the purpose of making repairs, alterations, or improvements in property owned by him and occupied as his home, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

- (1) That the proceeds of such loan will be used for payment of the property purchased or constructed or improved;
- (2) That the contemplated terms of payment required in any mortgage to be given in part payment of the purchase price or the construction cost bear a proper relation to the veteran's present and anticipated



income and expenses, and the veteran is a satisfactory credit risk; and that the nature and condition of the property is such as to be suitable for dwelling purposes; and

(3) That the price paid or to be paid by the veteran for such property, or for the cost of construction, repairs, or alterations, does not exceed the reasonable value thereof as determined [by proper appraisal made by an appraiser designated] by the Administrator.

(b) Any loan made to a veteran for the purposes specified in subsection (a) or subsection (c) of this section 501 may, notwithstanding the provisions of subsection (a) of section 500 of this title relating to the percentage or aggregate amount of loan to be guaranteed, be guaranteed, if otherwise made pursuant to the provisions of this title, in an amount not exceeding 60 per centum of the loan: *Provided*, That the aggregate amount of any guaranties to a veteran under this title shall not exceed \$7,500, nor shall any gratuities payable under subsection (c) of section 500 of this title exceed the amount which is payable on loans guaranteed in accordance with the maxima provided for in subsection (a) of section 500 of this title: *And provided further*, That no such loan for the repair, alteration, or improvement of property shall be insured or guaranteed under this Act unless such repair, alteration, or improvement substantially protects or improves the basic livability or utility of the property involved.

(c) Notwithstanding section 502 of this title, but subject to paragraphs (1), (2), and (3) of subsection (a) of this section, any loan made to a veteran under this title may be guaranteed if the proceeds thereof will be used for any of the following purposes:

"(1) To purchase a farm on which there is a farm residence to be occupied by the veteran as his home;

"(2) To construct on land owned by the veteran a farm residence to be occupied by him as his home; or

"(3) To repair, alter, or improve a farm residence owned by the veteran and occupied by him as his home.

If there is an indebtedness which is secured by a lien against land owned by the veteran, the proceeds of a loan for the construction of a farm residence on such land may be expended also to liquidate such lien, but only if the reasonable value of the land is equal to or in excess of the amount of the lien."

#### PURCHASE OF FARMS AND FARM EQUIPMENT

SEC. 502 (38 U. S. C. 694b). (a) Any loan made to a veteran under this title, the proceeds of which are to be used for purchasing any lands, buildings, livestock, equipment, machinery, supplies or implements, or for repairing, altering, constructing or improving any land, equipment, or building, including the farmhouse, to be used in farming operations conducted by the veteran involving production in excess of

his own needs, or for working capital requirements necessary for such operations, or to purchase stock in a cooperative association where the purchase of such stock is required by Federal statute as an incident to obtaining the loan, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

(1) That the proceeds of such loan will be used for any such purposes in connection with bona fide farming operations conducted by the applicant;

(2) That such property will be useful in and reasonably necessary for efficiently conducting such operations;

(3) That the ability and experience of the veteran, and the nature of the proposed farming operations to be conducted by him, are such that there is a reasonable likelihood that such operations will be successful; and

(4) That the purchase price paid or to be paid by the veteran for such property, *or for the cost of construction, repairs, or alterations*, does not exceed the reasonable value thereof as determined [by proper appraisal made by an appraiser designated] by the Administrator.

(b) For the purpose of encouraging the construction and improvement of farm housing, the Administrator is authorized to guarantee a loan for the construction or improvement of a farmhouse which loan is secured by a first lien on a portion of the farm suitable in size and location as an independent home site, and to permit payment out of the proceeds of such loan any sum required to obtain the release of such site from existing indebtedness: *Provided*, That the Administrator may, in his discretion, except any loan for the construction or improvement of a farmhouse from the first lien requirement imposed by subsection 500 (b) of this title.

SEC. 503 (38 U. S. C. 694c). Any loan made to a veteran under this title, the proceeds of which are to be used for the purpose of engaging in business or pursuing a gainful occupation, or for the cost of acquiring for such purpose land, buildings, supplies, equipment, machinery, tools, inventory, stock in trade, or for the cost of the construction, repair, alteration or improvement of any realty or personalty used for such purpose, or to provide the funds needed for working capital, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

(1) That the proceeds of such loan will be used for any of the specified purposes in connection with bona fide pursuit of gainful occupation by the veteran;

(2) That such property will be useful in and reasonably necessary for the efficient and successful pursuit of such business or occupation;

(3) That the ability and experience of the veteran, and the conditions under which he proposes to pursue such business or occupation, are such that there is a reasonable likelihood that he will be successful in the pursuit of such business or occupation; and

(4) That the [purchase] price paid or to be paid by the veteran for such property, or *for* the cost of [such] construction, *repairs, or alterations,* [or improvements,] does not exceed the reasonable value thereof as determined by [proper appraisal made by an appraiser designated by] the Administrator.

SEC. 503A (38 U. S. C. 694e-1). Whoever knowingly makes, effects, or participates in a sale of any property to a veteran for a consideration in excess of the reasonable value of such property as determined by [proper appraisal made by an appraiser designated by] the Administrator, shall, if the veteran pays for such property in whole or in part with the proceeds of a loan guaranteed by the Veterans' Administration under section 501, 502, or 503 of this title, be liable for three times the amount of such excess consideration irrespective of whether such person has received any part thereof.

Actions pursuant to the provisions of this section may be instituted by the veteran concerned, in any United States district court, which court may, as a part of any judgment, award costs and reasonable attorneys' fees to the successful party. In the event the veteran shall fail to institute any action hereunder within thirty days after discovering he has overpaid, or having instituted an action shall fail diligently to prosecute the same, or upon request by the veteran, the Attorney General, in the name of the Government of the United States, may proceed therewith, in which event one-third of any recovery in said action shall be paid over to the veteran and two-thirds thereof shall be paid into the Treasury of the United States.

The remedy provided in this section shall be in addition to any and all other penalties imposed by law.

SEC. 504 (38 U. S. C. 694d). (a) The Administrator is authorized to promulgate such rules and regulations not inconsistent with this title, as amended, as are necessary and appropriate for carrying out the provisions of this title, and may delegate to subordinate employees authority to issue certificates, or other evidence, of guaranty of loans guaranteed under the provisions of this title, and to exercise other administrative functions hereunder.

(b) No loan for the purchase or construction of residential property on which construction is begun subsequent to sixty days from the date of the Veterans' Readjustment Assistance Act of 1952 becomes effective shall be financed through the assistance of the provisions of this title unless the property meets or exceeds minimum requirements for planning, construction, and general acceptability prescribed by the Administrator: *Provided*, That subsection 504 (b) as originally enacted shall continue to be applicable to construction begun prior to the end of such sixty-day period: *Provided further*, That this subsection shall not apply to a loan for the purchase



of residential property the construction of which was completed more than one year prior to the making of such loan.

(c) The Administrator shall have the right to refuse to appraise any dwelling or housing project owned, sponsored, or to be constructed by any person identified with housing previously sold to veterans under this title as to which substantial deficiencies have been discovered, or as to which there has been a failure or indicated inability to discharge contractual liabilities to veterans, or as to which it is ascertained that the type of contract of sale or the methods or practices pursued in relation to the marketing of such properties were unfair or unduly prejudicial to veteran purchasers.

(d) *No loan for the purchase or construction of residential property shall be financed through the assistance of the provisions of this title unless the veteran applicant, at the time that he applies for the loan, and also at the time that the loan is closed, certifies, in such form as may be required by the Administrator, that he intends to occupy the property as his home. No loan for the repair, alteration, or improvement of residential property shall be financed through the assistance of the provisions of this title unless the veteran applicant, at the time that he applies to the lender for the loan, and also at the time that the loan is closed, certifies, in such form as may be required by the Administrator, that he occupies the property as his home. For the purpose of this title the requirement that the veteran recipient of a guaranteed or direct home loan must occupy or intend to occupy the property as his home shall be construed to mean that the veteran as of the date of his certification actually lives in the property personally as his residence or actually intends upon completion of the loan and acquisition of the dwelling unit to move into the property personally within a reasonable time and to utilize such property as his residence.*

Section 505 no change.

SEC. 506 (38 U. S. C. 694g) (a). In the event of default in the payment of any loan guaranteed under this title, the holder of the obligation shall notify the Administrator who shall thereupon pay to such holder the guaranty not in excess of the pro rata portion of the amount originally guaranteed, and shall be subrogated to the rights of the holder of the obligation to the extent of the amount paid on the guaranty: *Provided*, That prior to suit or foreclosure the holder of the obligation shall notify the Administrator of the default, and within thirty days thereafter the Administrator may, at his option, pay the holder of the obligation the unpaid balance of the obligation plus accrued interest and receive an assignment of the loan and security: *Provided further*, That (1) nothing herein shall be construed to preclude any forbearance for the benefit of the veteran as may be agreed upon by the parties to the loan and approved by the Administrator; and (2) the Administrator may establish the date, not later than the date of judgment and decree of foreclosure or sale, upon which accrual of interest or charges shall cease.



(b) *Whenever any veteran disposes of residential property securing a guaranteed, insured, or direct loan obtained by him under this title, the Administrator, upon application made by such veteran and by the transferee incident to such disposal, shall issue to such veteran in connection with such disposal a release relieving him of all further liability to the Administrator on account of such loan (including liability for any loss resulting from any default of the transferee or any subsequent purchaser of such property) if the Administrator has determined, after such investigation as he may deem appropriate, that (1) the loan is current, and (2) the purchaser of such property from such veteran (a) has obligated himself by contract to purchase such property and to assume full liability for the repayment of the balance of the loan remaining unpaid, and (b) qualifies from a credit standpoint, to the same extent as if he were a veteran eligible under section 501 (a), for a guaranteed or insured or direct loan in an amount equal to the unpaid balance of the obligation for which he has assumed liability.*

SEC. 507 (38 U. S. C. 694h). Any loan made to a veteran, the proceeds of which are to be used to refinance any indebtedness of the veteran which is secured of record on property to be used or occupied by the veteran as a home or for farming purposes, or indebtedness incurred by him in the pursuit of a gainful occupation which he is pursuing or which he proposes in good faith to pursue, or any delinquent taxes or assessments on such property or business, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

(1) Such loan became in default or the delinquency occurred not later than ten years after the termination of the war or, in the case of a veteran eligible by virtue of active service on or after June 27, 1950, not later than ten years after such date as shall be determined by Presidential proclamation or concurrent resolution of the Congress;

(2) Such refinancing will aid the veteran in his economic readjustment; and

(3) The amount of the guaranteed loan does not exceed the reasonable value of the property or business, as determined by [proper appraisal made by an appraiser designated by] the Administrator.

No change in succeeding section.

#### RAMSEYER RULE

In accordance with clause 3 of rule XIII of the Rules of the House of Representatives, the changes made in existing law by the bill are shown as follows (existing law proposed to be omitted is in black brackets; new matter is in italics; existing law in which no changes are proposed is shown in roman):

## H. R. 9260 AS REPORTED

[Title III, Public Law 346, 78th Cong., as amended]

TITLE III—LOANS FOR THE PURCHASE OR  
CONSTRUCTION OF HOMES, FARMS, AND  
BUSINESS PROPERTY

CHAPTER V—GENERAL PROVISIONS FOR LOANS

SEC. 500 (38 U. S. C. 694). (a) Any person who shall have served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to the termination of the present war, or at any time on or after June 27, 1950, and prior to such date as shall be determined by Presidential proclamation or concurrent resolution of the Congress, and who shall have been discharged or released therefrom under conditions other than dishonorable after active service of ninety days or more, or by reason of an injury or disability incurred in service in line of duty, shall be eligible for the benefits of this title. Entitlement derived from service on or after June 27, 1950, shall (1) cancel any unused entitlement derived from service prior to June 27, 1950, and (2) be reduced by the amount entitlement from such prior service shall have been used to obtain a direct, guaranteed, or insured loan (a) on real property which the veteran owns at the time of application or (b) as to which the Administrator shall have incurred actual liability or loss, unless in the event of loss or the incurrence and payment of such liability by the Administrator, the resultant indebtedness of the veteran to the Government shall have been paid in full. The unmarried widow of any person who met the service requirements for benefits under this title and who died, either in service or after separation from service under conditions other than dishonorable, as a result of injury or disease incurred in or aggravated by such service in line of duty (other than any such widow who by reason of her own service is eligible for the benefits of this title), shall also be eligible for the benefits of this title; and the term "veteran" as used in this title shall include any such unmarried widow. Any loan made by such veteran within ten years after the termination of the war, and any loan to a veteran eligible by virtue of active service on or after June 27, 1950, if made within ten years after such date as shall be determined by Presidential proclamation or concurrent resolution of the Congress, for any of the purposes, and in compliance with the provisions, specified in this title, is automatically guaranteed by the Government by this title in an amount not exceeding fifty per centum of the loan: *Provided*, That the aggregate amount guaranteed shall not exceed \$2,000 in the case of non-real-estate loans, nor \$4,000 in the case of real-estate loans; or a prorated portion thereof

on loans of both types or combination thereof. In computing the aggregate amount of guaranty or insurance entitlement available to a veteran under this title, the Administrator may in his discretion exclude the initial use of the guaranty or insurance entitlement used for any loan with respect to which the security (1) has been taken (by condemnation or otherwise) by the United States, any State, or a local government agency for public use, or (2) has been destroyed by fire or other natural hazard, or (3) has been disposed of because of other compelling reasons devoid of fault on the part of the veteran *and, notwithstanding any other provision of this section to the contrary, any entitlement may be so excluded and restored to the use of any veteran at any time prior to January 31, 1965, for the purpose of obtaining a loan which will be guaranteed or insured in accordance with the provisions of this title: Provided, That* any amount paid by the Administrator under section 500 (c) of this part shall be deducted from the amount payable on the succeeding loan under that section. *In computing the aggregate amount of guaranty or insurance entitlement available to a veteran under this title, the Administrator shall exclude the amount of guaranty or insurance entitlement previously used for any loan guaranteed or insured under section 501 which has been repaid in full, and with respect to which the real property which served as security for the loan has been disposed of because the veteran, while in the active service, was transferred by the military department with which he was serving.*

(b) Loans guaranteed under this title shall be payable under such terms and conditions as may be agreed upon by the parties thereto, subject to the conditions and limitations of this title and the regulations issued pursuant to section 504: *Provided, That* the liability under the guaranty within the limitations of this title shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the obligation: *Provided further, That* loans guaranteed under this title shall bear interest at a rate not exceeding 4 per centum per annum and shall be payable in full in not more than thirty years, or in the case of loans on farm realty in not more than forty years: *And provided further, That* (1) the maturity of a non-real-estate loan shall not exceed ten years; (2) any loan for a term in excess of five years shall be amortized in accordance with established procedure; (3) except as provided in section 505 any real-estate loan, other than for repairs, alterations or improvements, shall be secured by a first lien on the realty, and a non-real-estate loan, except as to working or other capital, merchandise, good-will and other intangible assets, shall be secured by personalty to the extent legal and practicable: *And provided further, That* the Administrator, with the approval of the Secretary of the Treasury, may prescribe by regulation from time to time such rate of interest, not in excess of 4½ per centum per annum, as he may find the loan market demands.



(c) An honorable discharge shall be deemed a certificate of eligibility to apply for a guaranteed loan. Any veteran who does not have a discharge certificate, or who received a discharge other than honorable, may apply to the Administrator for a certificate of eligibility. [Upon making a loan as provided herein, the lender shall forthwith transmit to the Administrator a statement setting forth the full name and serial number of the veteran, amount and terms of the loan, and the legal description of the property, together with the appraisal report made by the designated appraiser.] *Upon making a loan as provided herein, the lender shall forthwith transmit to the Administrator a report thereof in such detail as the Administrator may, from time to time, prescribe.* Where the loan is automatically guaranteed, the Administrator shall provide the lender with a loan guaranty certificate or other evidence of the guaranty. He shall also endorse on the veteran's discharge, or eligibility certificate, the amount and type of guaranty used, and the amount, if any, remaining. An amount equivalent to 4 per centum on the amount originally guaranteed shall be paid to the lender by the Administrator out of available appropriations, to be credited upon the loan. Nothing herein shall be deemed to preclude the assignment of any guaranteed loan nor the assignment of the security therefor.

(d) Loans guaranteed hereunder may be made (1) by any Federal land bank, national bank, State bank, private bank, building and loan association, insurance company, credit union, or mortgage and loan company, that is subject to examination and supervision by an agency of the United States or of any State or Territory, including the District of Columbia, or (2) by any State. Any loan at least 20 per centum of which is guaranteed under this title may be made by any national bank, or Federal savings and loan association; or by any bank, trust company, building and loan association or insurance company organized or authorized to do business in the District of Columbia; without regard to the limitations and restrictions of any other statute with respect to—

- (1) ratio of amount of loan to the value of the property;
- (2) maturity of loan;
- (3) requirement for mortgage or other security;
- (4) dignity of lien; or
- (5) percentage of assets which may be invested in real estate loans.

(e) Any loan proposed to be made to an eligible veteran by any lender not of a class specified in subsection (d) may be guaranteed by the Administrator if he finds that it is in accord otherwise with the provisions of this title, as amended.

(f) Notwithstanding the provisions in this title respecting automatically guaranteed loans, the Administrator may at any time upon thirty days' notice require loans to be made by any lender or class of lenders to be submitted for prior



approval, and no guaranty or insurance liability shall exist in respect to such loans unless evidence of guaranty or insurance is issued by the Administrator.

#### PURCHASE OR CONSTRUCTION OF HOMES

SEC. 501 (*38 U. S. C. 694a*) (a) Any loan made to a veteran under this title, the proceeds of which are to be used for purchasing residential property or constructing a dwelling to be occupied as his home or for the purpose of making repairs, alterations, or improvements in property owned by him and occupied as his home, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

(1) That the proceeds of such loan will be used for payment of the property purchased or constructed or improved;

(2) That the contemplated terms of payment required in any mortgage to be given in part payment of the purchase price or the construction cost bear a proper relation to the veteran's present and anticipated income and expenses, and the veteran is a satisfactory credit risk; and that the nature and condition of the property is such as to be suitable for dwelling purposes; and

(3) That the price paid or to be paid by the veteran for such property, or for the cost of construction, repairs, or alterations, does not exceed the reasonable value thereof as determined [by proper appraisal made by an appraiser designated] by the Administrator.

(b) Any loan made to a veteran for the purposes specified in subsection (a) or subsection (c) of this section 501 may, notwithstanding the provisions of subsection (a) of section 500 of this title relating to the percentage or aggregate amount of loan to be guaranteed, be guaranteed, if otherwise made pursuant to the provisions of this title, in an amount not exceeding 60 per centum of the loan: *Provided*, That the aggregate amount of any guaranties to a veteran under this title shall not exceed \$7,500, nor shall any gratuities payable under subsection (c) of section 500 of this title exceed the amount which is payable on loans guaranteed in accordance with the maxima provided for in subsection (a) of section 500 of this title: *And provided further*, That no such loan for the repair, alteration, or improvement of property shall be insured or guaranteed under this Act unless such repair, alteration, or improvement substantially protects or improves the basic livability or utility of the property involved.

(c) Notwithstanding section 502 of this title, but subject to paragraphs (1), (2), and (3) of subsection (a) of this section, any loan made to a veteran under this title may be guaranteed if the proceeds thereof will be used for any of the following purposes:

"(1) To purchase a farm on which there is a farm residence to be occupied by the veteran as his home;

"(2) To construct on land owned by the veteran a farm residence to be occupied by him as his home; or

"(3) To repair, alter, or improve a farm residence owned by the veteran and occupied by him as his home. If there is an indebtedness which is secured by a lien against land owned by the veteran, the proceeds of a loan for the construction of a farm residence on such land may be expended also to liquidate such lien, but only if the reasonable value of the land is equal to or in excess of the amount of the lien."

## PURCHASE OF FARMS AND FARM EQUIPMENT

SEC. 502 (38 U. S. C. 694b). (a) Any loan made to a veteran under this title, the proceeds of which are to be used for purchasing any lands, buildings, livestock, equipment, machinery, supplies or implements, or for repairing, altering, constructing or improving any land, equipment, or building, including the farmhouse to be used in farming operations conducted by the veteran involving production in excess of his own needs, or for working capital requirements necessary for such operations, or to purchase stock in a cooperative association where the purchase of such stock is required by Federal statute as an incident to obtaining the loan, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

(1) That the proceeds of such loan will be used for any such purposes in connection with bona fide farming operations conducted by the applicant;

(2) That such property will be useful in and reasonably necessary for efficiently conducting such operations;

(3) That the ability and experience of the veteran, and the nature of the proposed farming operations to be conducted by him, are such that there is a reasonable likelihood that such operations will be successful; and

(4) That the [purchase] price paid or to be paid by the veteran for such property, or for the cost of construction, repairs, or alterations, does not exceed the reasonable value thereof as determined [by proper appraisal made by an appraiser designated] by the Administrator.

(b) For the purpose of encouraging the construction and improvement of farm housing the Administrator is authorized to guarantee a loan for the construction or improvement of a farmhouse which loan is secured by a first lien on a portion of the farm suitable in size and location as an independent home site, and to permit payment out of the proceeds of such loan any sum required to obtain the release of such site from existing indebtedness: *Provided*, That the Administrator may, in his discretion, except any loan for the construction or improvement of a farmhouse from the first lien requirement imposed by subsection 500 (b) of this title.

SEC. 503 (38 U. S. C. 694c). Any loan made to a veteran under this title, the proceeds of which are to be used for the purpose of engaging in business or pursuing a gainful occupation, or for the cost of acquiring for such purpose land, buildings, supplies, equipment, machinery, tools, inventory, stock in trade, or for the cost of the construction, repair,

alteration or improvement of any realty or personality used for such purpose, or to provide the funds needed for working capital, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

(1) That the proceeds of such loan will be used for any of the specified purposes in connection with bona fide pursuit of gainful occupation by the veteran;

(2) That such property will be useful in and reasonably necessary for the efficient and successful pursuit of such business or occupation;

(3) That the ability and experience of the veteran, and the conditions under which he proposes to pursue such business or occupation, are such that there is a reasonable likelihood that he will be successful in the pursuit of such business or occupation; and

(4) That the purchase price paid or to be paid by the veteran for such property, or the cost of [such] construction, *repairs*, or alterations, [or improvements,] does not exceed the reasonable value thereof as determined by [proper appraisal made by an appraiser designated by] the Administrator.

SEC. 503A (38 U. S. C. 694c-1). Whoever knowingly makes, effects, or participates in a sale of any property to a veteran for a consideration in excess of the reasonable value of such property as determined by [proper appraisal made by an appraiser designated by] the Administrator, shall, if the veteran pays for such property in whole or in part with the proceeds of a loan guaranteed by the Veterans' Administration under section 501, 502, or 503 of this title, be liable for three times the amount of such excess consideration irrespective of whether such person has received any part thereof.

Actions pursuant to the provisions of this section may be instituted by the veteran concerned, in any United States district court, which court may, as a part of any judgment, award costs and reasonable attorneys' fees to the successful party. In the event the veteran shall fail to institute any action hereunder within thirty days after discovering he has overpaid, or having instituted an action shall fail diligently to prosecute the same, or upon request by the veteran, the Attorney General, in the name of the Government of the United States, may proceed therewith, in which event one-third of any recovery in said action shall be paid over to the veteran and two-thirds thereof shall be paid into the Treasury of the United States.

The remedy provided in this section shall be in addition to any and all other penalties imposed by law.

SEC. 504 (38 U. S. C. 694d). (a) The Administrator is authorized to promulgate such rules and regulations not inconsistent with this title, as amended, as are necessary and appropriate for carrying out the provisions of this title, and may delegate to subordinate employees authority to issue certificates, or other evidence, of guaranty of loans guar-



anteed under the provisions of this title, and to exercise other administrative functions hereunder.

(b) No loan for the purchase or construction of residential property on which construction is begun subsequent to sixty days from the date of the Veterans' Readjustment Assistance Act of 1952 becomes effective shall be financed through the assistance of the provisions of this title unless the property meets or exceeds minimum requirements for planning, construction, and general acceptability prescribed by the Administrator: *Provided*, That subsection 504 (b) as originally enacted shall continue to be applicable to construction begun prior to the end of such sixty-day period: *Provided further*, That this subsection shall not apply to a loan for the purchase of residential property the construction of which was completed more than one year prior to the making of such loan.

(c) The Administrator shall have the right to refuse to appraise any dwelling or housing project owned, sponsored, or to be constructed by any person identified with housing previously sold to veterans under this title as to which substantial deficiencies have been discovered, or as to which there has been a failure or indicated inability to discharge contractual liabilities to veterans, or as to which it is ascertained that the type of contract of sale or the methods or practices pursued in relation to the marketing of such properties were unfair or unduly prejudicial to veteran purchasers.

(d) *No loan for the purchase or construction of residential property shall be financed through the assistance of the provisions of this title unless the veteran applicant, at the time that he applies for the loan, and also at the time that the loan is closed, certifies, in such form as may be required by the Administrator, that he intends to occupy the property as his home. No loan for the repair, alteration, or improvement of residential property shall be financed through the assistance of the provisions of this title unless the veteran applicant, at the time that he applies to the lender for the loan, and also at the time that the loan is closed, certifies, in such form as may be required by the Administrator, that he occupies the property as his home. For the purpose of this title the requirement that the veteran recipient of a guaranteed or direct home loan must occupy or intend to occupy the property as his home shall be construed to mean that the veteran as of the date of his certification actually lives in the property personally as his residence or actually intends upon completion of the loan and acquisition of the dwelling unit to move into the property personally within a reasonable time and to utilize such property as his residence.*

Section 505 no changes.

SEC. 506 (38 U. S. C. 694g) (a). In the event of default in the payment of any loan guaranteed under this title, the holder of the obligation shall notify the Administrator who shall thereupon pay to such holder the guaranty not in excess of the pro rata portion of the amount originally guaranteed, and shall be subrogated to the rights of the holder of the obligation to the extent of the amount paid on the guaranty: *Provided*, That prior to suit or foreclosure the holder of the



obligation shall notify the Administrator of the default, and within thirty days thereafter the Administrator may, at his option, pay the holder of the obligation the unpaid balance of the obligation plus accrued interest and receive an assignment of the loan and security: *Provided further*, That (1) nothing herein shall be construed to preclude any forbearance for the benefit of the veteran as may be agreed upon by the parties to the loan and approved by the Administrator; and (2) the Administrator may establish the date, not later than the date of judgment and decree of foreclosure or sale, upon which accrual of interest or charges shall cease.

*(b) Whenever any veteran disposes of residential property securing a guaranteed, insured, or direct loan obtained by him under this title, the Administrator, upon application made by such veteran and by the transferee incident to such disposal, shall issue to such veteran in connection with such disposal a release relieving him of all further liability to the Administrator on account of such loan (including liability for any loss resulting from any default of the transferee or any subsequent purchaser of such property) if the Administrator has determined, after such investigation as he may deem appropriate, that (1) the loan is current, and (2) the purchaser of such property from such veteran (a) has obligated himself by contract to purchase such property and to assume full liability for the repayment of the balance of the loan remaining unpaid, and (b) qualifies from a credit standpoint, to the same extent as if he were a veteran eligible under section 501 (a), for a guaranteed or insured or direct loan in an amount equal to the unpaid balance of the obligation for which he has assumed liability.*

SEC. 507 (38 U. S. C. 694h). Any loan made to a veteran, the proceeds of which are to be used to refinance any indebtedness of the veteran which is secured of record on property to be used or occupied by the veteran as a home or for farming purposes, or indebtedness incurred by him in the pursuit of a gainful occupation which he is pursuing or which he proposes in good faith to pursue, or any delinquent taxes or assessments on such property or business, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

(1) Such loan became in default or the delinquency occurred not later than ten years after the termination of the war or, in the case of a veteran eligible by virtue of active service on or after June 27, 1950, not later than ten years after such date as shall be determined by Presidential proclamation or concurrent resolution of the Congress;

(2) Such refinancing will aid the veteran in his economic readjustment; and

(3) The amount of the guaranteed loan does not exceed the reasonable value of the property or business, as determined by [proper appraisal made by an appraiser designated by] the Administrator.

No change in succeeding sections.

84TH CONGRESS  
2D SESSION

# H. R. 9260

[Report No. 1971]

---

## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 14, 1956

Mr. CHRISTOPHER introduced the following bill; which was referred to the Committee on Veterans' Affairs

MARCH 28, 1956

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

---

## A BILL

To amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That title III of the Servicemen's Readjustment Act of  
4       1944, as amended, is hereby amended as follows:  
5       (1) Section 500 (a) is amended by deleting the colon  
6       immediately preceding the last proviso and inserting in lieu  
7       thereof the following: "and, notwithstanding any other pro-  
8       vision of this section to the contrary, an entitlement may  
9       be so excluded and restored to the use of any veteran at any  
10      time prior to January 31, 1965, for the purpose of obtain-

1 ing a loan which will be guaranteed or insured in accord-  
2 ance with the provisions of this ~~title;~~ title:", and such  
3 section 500 (a) is further amended by adding at the end  
4 thereof the following: "In computing the aggregate amount  
5 of guaranty or insurance entitlement available to a veteran  
6 under this title, the Administrator shall exclude the amount  
7 of guaranty or insurance entitlement previously used for  
8 any loan guaranteed or insured under section 501 which  
9 has been repaid in full, and with respect to which the real  
10 property which served as security for the loan has been  
11 disposed of because the veteran, while in the active service,  
12 was transferred by the military department with which he  
13 was serving."

14 (2) Section 500 (c) is amended by striking the third  
15 sentence and inserting in lieu thereof: "Upon making a loan  
16 as provided herein, the lender shall forthwith transmit to  
17 the Administrator a report thereof in such detail as the  
18 Administrator may, from time to time, prescribe."

19 (3) Section 501 (a) is amended by striking subsection  
20 (3) and inserting in lieu thereof the following: "(3) That  
21 the price paid or to be paid by the veteran for such property,  
22 or for the cost of construction, repairs, or alterations, does  
23 not exceed the reasonable value thereof as determined by  
24 the Administrator."



1       (4) Section 502 (a) is amended by striking out sub-  
2 section (4) and inserting in lieu thereof the following:

3       “(4) That the price paid or to be paid by the veteran  
4 for such property, or for the cost of construction, repairs,  
5 or alterations, does not exceed the reasonable value thereof  
6 as determined by the Administrator.”

7       (5) Section 503 is amended by striking out subsection  
8 (4) and inserting in lieu thereof the following: “(4) That  
9 the price paid or to be paid by the veteran for such property,  
10 or for the cost of construction, repairs, or alterations, does  
11 not exceed the reasonable value thereof as determined by  
12 the Administrator.”

13       (6) Section 503A is amended by striking out the first  
14 paragraph and inserting in lieu thereof the following: “Who-  
15 ever knowingly makes, effects, or participates in a sale of any  
16 property to a veteran for a consideration in excess of the  
17 reasonable value of such property as determined by the  
18 Administrator, shall, if the veterans pays for such property  
19 in whole or in part with the proceeds of a loan guaranteed  
20 by the Veterans' Administration under section 501, 502,  
21 or 503 of this title, be liable for three times the amount of  
22 such excess consideration irrespective of whether such per-  
23 son has received any part thereof.”

24       (7) Section 504 is amended by adding a new sub-  
25 section (d) to read as follows: “(d) No loan for the pur-



1 chase or construction of residential property shall be financed  
2 through the assistance of the provisions of this title unless  
3 the veteran applicant, at the time that he applies for the  
4 loan, and also at the time that the loan is closed, certifies,  
5 in such form as may be required by the Administrator, that  
6 he intends to occupy the property as his home. No loan  
7 for the repair, alteration, or improvement of residential  
8 property shall be financed through the assistance of the pro-  
9 visions of this title unless the veteran applicant, at the time  
10 that he applies to the lender for the loan, and also at the time  
11 that the loan is closed, certifies, in such form as may be  
12 required by the Administrator, that he occupies the property  
13 as his home. For the purpose of this title the requirement  
14 that the veteran recipient of a guaranteed or direct home  
15 loan must occupy or intend to occupy the property as his  
16 home shall be construed to mean that the veteran as of  
17 the date of his certification actually lives in the property  
18 personally as his residence or actually intends upon comple-  
19 tion of the loan and acquisition of the dwelling unit to move  
20 into the property personally within a reasonable time and  
21 to utilize such property as his residence.”

22 (8) Section 506 is amended by designating the existing  
23 provisions therein as subsection (a) and by adding a new  
24 subsection (b) to read as follows: “(b) Whenever any  
25 veteran disposes of residential property securing a guaran-

1 teed, insured, or direct loan obtained by him under this  
2 title, the Administrator, upon application made by such  
3 veteran and by the transferee incident to such disposal,  
4 shall issue to such veteran in connection with such disposal  
5 a release relieving him of all further liability to the Admin-  
6 istrator on account of such loan (including liability for  
7 any loss resulting from any default of the transferee or any  
8 subsequent purchaser of such property) if the Administrator  
9 has determined, after such investigation as he may deem  
10 appropriate, that (1) the loan is current, and (2) the  
11 purchaser of such property from such veteran (a) has  
12 obligated himself by contract to purchase such property and  
13 to assume full liability for the repayment of the balance of  
14 the loan remaining unpaid, and (b) qualifies from a credit  
15 standpoint, to the same extent as if he were a veteran  
16 eligible under section 501 (a), for a guaranteed or insured  
17 or direct loan in an amount equal to the unpaid balance  
18 of the obligation for which he has assumed liability.”

19 (9) Section 507 is amended by striking out subsec-  
20 tion (3) and inserting in lieu thereof the following: “(3)  
21 The amount of the guaranteed loan does not exceed the  
22 reasonable value of the property or business, as determined  
23 by the Administrator.”

[Report No. 1971]

---

---

**A BILL**

To amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes.

---

---

By Mr. CHRISTOPHER

---

---

FEBRUARY 14, 1956

Referred to the Committee on Veterans' Affairs

MARCH 28, 1956

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed







have been adopted, and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. DELANEY. Mr. Speaker, House resolution 470 makes in order consideration of the bill H. R. 9824, the War Orphans Educational Assistance Act of 1956. The resolution makes in order consideration, without intervention of any point of order, the substitute amendment recommended by the Committee on Veterans' Affairs now in the bill. Such substitute, for the purpose of amendment, shall be considered under the 5-minute rule as an original bill. Two hours of general debate.

The purpose of H. R. 9824 is to aid children of servicemen to attain the education deprived them because of the death of a parent as a result of a disability incurred in combat or from an instrumentality of war during either World War II or the Korean conflict.

The educational assistance program includes schooling leading to an educational, vocational, or professional objective and also provides special restorative training for children with physical or mental disabilities.

In general, benefits would be available after graduation from high school or the attainment of age 18, whichever is earlier, and before age 23. Exceptions to both the minimum and maximum age limits are outlined in the bill. A maximum of 36 months of full-time training or its equivalent in part-time training would be afforded each child.

The program would be administered by the Veterans' Administration. The legislation is patterned closely after the Veterans' Readjustment Act of 1952. However, the bill does not permit on-the-job training, institutional or on-farm training, correspondence courses or courses at foreign schools.

The educational assistance would consist of monetary benefits paid monthly to the parent or guardian of the eligible person in the amount of \$110 a month if pursuing a full-time course, \$80 a month if on a three-quarter time basis and \$50 a month on a half-time basis. The total benefit for each eligible person is \$3,960.

It is estimated that if two-thirds of the proposed beneficiaries train for an average of 24 months, the direct-benefit cost of this bill would be approximately \$150 million, plus administration expenses of about \$6 million. And in any one year is not expected to exceed \$15 million.

I urge the adoption of House Resolution 470 so the House may proceed to the consideration of H. R. 9824.

Mr. Speaker, I now yield 30 minutes of my time to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN of Illinois. Mr. Speaker, I know of no objection to the rule. I reserve the balance of my time.

Mr. DELANEY. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. HAYWORTH].

Mr. HAYWORTH. Mr. Speaker, I am today introducing a soil-bank bill specifying that some soil-bank land may be used for public recreational purposes, and placing an upper limit on soil-bank payments, so as to favor the family-sized farm.

I am taking this action in order to keep faith with the farmers of my district. At a series of public farmer meetings I held last fall, they almost unanimously favored the soil-bank proposal. I believe the Secretary of Agriculture already has authority to establish a soil-bank program, and it is apparent that Congress will provide him the necessary appropriation. But to avoid any possible delay I would like to have specific legislation passed—and I feel sure the farmers of my district would like to have it passed—so that there will be no question about it.

The bill I am introducing does not provide for the advance payments advocated by the President. I regard the advance payments proposal as unbusinesslike and a mere election-year bribe.

I should like to discuss briefly the two additional points which I believe make the bill I am introducing superior to those introduced last week by a number of Members. Those two points are the placing of an upper limit on the amount of soil-bank payments, and authorization of the use for public recreation purposes of soil-bank land which is suitable for such use.

I believe we should protect the family sized farm by limiting soil-bank payments to \$25,000 a year per farmer on the 1-year acreage reserve and \$7,500 a year per farmer on the long-range, 3- to 15-year conservation reserve program. These limits were adopted by the Senate as part of its soil-bank plan, but were eliminated by the conference committee and were not included in the Republican-sponsored bills introduced last week. The limits are restored in my bill.

It has been pointed out that 1 farmer, in this country, has a 340,000 wheat-acre allotment. If there were no limits to soil bank payments, he might collect a Government check for some \$3,400,000 for merely allowing half his land to lie idle for a year. The soil bank program should aim at increased income for small- and medium-sized farms, and not at making millionaires richer. I am convinced that we can achieve the necessary participation in the soil bank without opening it up to the huge corporation-type farms.

Now, on the subject of recreational uses for some of the soil bank land, I want to say that I believe those who live in the cities are also entitled to some direct benefits from this \$1,200,000,000 Government program. They would receive such benefits if the soil bank plan provides for using some of the more desirable land in the long-range conservation reserve for parks and recreation areas, to be maintained by Federal, State or local park authorities.

I need not call the attention of the Members of this House to the fact that throughout the country there is a great and growing need for additional park space. This is true, in my State of Michigan, among many others. Last

year's Michigan Natural Resources Conference recommended that "State parks should be greatly increased in number and area, with an improved distribution relative to metropolitan centers, even at a sacrifice of quality standards as to scenery, wilderness, etc."

Even those States with sizeable park acreage or with substantial Federal lands within their borders may nevertheless be inadequately served. To again use the State of Michigan as an example, many of the State parks are in the northern part of the State. The great majority of the State's people live in the southern part of the Lower Peninsula. Population growth has been extremely rapid and much of the population increase has been in the highly industrialized southern section of the State.

Though a real effort has been made by the State and by some local governmental units to increase the facilities, almost all of the parks are woefully inadequate in size and facilities to meet the present needs of our own people and our hundreds of thousands of vacationists. That inadequacy is particularly acute in the more heavily populated, industrialized southern part of the State.

We can easily agree that recreation in many forms is due for a rapid growth. As automation offers our people more leisure time, there will be an ever-mounting pressure on existing public recreational facilities.

I am convinced, therefore, that at least some small portion of the millions of acres to be taken out of production under the conservation reserve program should be utilized for public recreational purposes—for roadside parks and picnic areas, for wildlife preserves and wilderness areas suitable for Boy Scout camping and other such activities.

Under the provisions of my bill a farmer signing a 3- to 15-year conservation reserve contract with the Government would agree to permit such of his soil bank land as the Secretary of Agriculture deemed suitable to be used for public recreational purposes. The Secretary would then make arrangements with Federal, State or local park authorities to equip and maintain the best-suited available areas for the duration of the farmer's contract with the Government.

Mr. Speaker, I hope that we may this year see the inauguration of a soil bank program to protect the family-size farm and with an investment in recreational facilities.

(Mr. HAYWORTH asked and was given permission to revise and extend his remarks.)

Mr. DELANEY. Mr. Speaker, I move the previous question on the resolution. The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

#### AMENDING TITLE III OF SERVICE-MEN'S READJUSTMENT ACT

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call



up House Resolution 478 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9260) to amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Veterans' Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois Mr. [ALLEN], and at this time yield myself such time as I may consume.

Mr. Speaker, House Resolution 478 provides for the consideration of H. R. 9260, to amend title III of the Servicemen's Readjustment Act of 1944, as amended.

The resolution provides for an open rule and 1 hour of general debate on the bill.

The bill contains several amendments to title III of the GI bill. First, the bill provides that World War II veterans who lose their homes through no fault on their part, such as public condemnation or natural hazards, may have their entitlement reinstated. The committee amendment to the bill provides that an eligible veteran still in service, upon receipt of orders for transfer, may dispose of his home, pay off his guaranteed loan and have his entitlement reinstated.

There have been some questions raised by lenders concerning appraisals of property and this bill clarifies the fact that final determination of reasonable value is vested in the Administrator of the Veterans' Administration.

There have been abuses of the certification of occupancy made at the time of an application for a home loan and for this reason a further amendment requires that in addition to the certification made at the time a veteran makes application for a loan, he shall again certify that he intends to occupy the property as his home at the time of the closing of the loan.

At the present time if a veteran sells his home and the second purchaser defaults on the loan, the veteran is liable to the Veterans' Administration for the amount of the guaranty by the government in connection with the mortgage. The bill proposes to release veterans from this liability upon application of a veteran and the prospective buyer to the Administrator of the Veterans' Administration and the Administrator determines that the buyer is acceptable under the same credit requirements as the original veteran purchaser and that the loan is current.

The committee report complies with the Ramseyer rule. I urge the adoption of House Resolution 478.

Mr. ALLEN of Illinois. Mr. Speaker, I know of no objection to the rule, and I urge its adoption.

Mr. BOLLING. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

#### WAR ORPHANS' EDUCATIONAL ASSISTANCE ACT OF 1956

Mr. TEAGUE of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9824) to establish an educational assistance program for children of servicemen who died as a result of a disability incurred in line of duty during World War II or the Korean service period in combat or from an instrumentality of war.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 9824, with Mr. RAINS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. TEAGUE of Texas. Mr. Chairman, I yield myself such time as I may use.

Mr. Chairman, the statement of policy of H. R. 9824 states in concise terms the basic purpose of this legislation. I would like to read the statement of policy:

The Congress hereby declares that the educational program established by this act is for the purpose of providing opportunities for education to children whose education would otherwise be impeded or interrupted by reason of the death of a parent from a disability incurred in line of duty while in the Armed Forces during World War II or the Korean conflict, and for the purpose of aiding such children in attaining the educational status which they might normally have aspired to and obtained but for the death of such parent.

I am of the opinion that it is the obligation of the Federal Government to give first consideration to the surviving dependents of servicemen who lost their lives in the service of their country, and next to veterans with service-connected disabilities. We have spent almost \$20 billion on the education of servicemen who were fortunate enough to return from World War II and Korea. I am not critical of these expenditures, since I believe, for the most part, they have accomplished the purpose of readjusting the returning serviceman—the purpose for which the expenditure was made—and I believe that the Nation as a whole has gained great benefits from the veterans' education and training program. I am mentioning these tremendous expenditures made to veterans who, for the most part, suffered no service-connected disability in order to emphasize the great need for a program to assist the surviving children of those servicemen who lost their lives in the war.

I regret that this legislation has not been enacted sooner. There are a few surviving children of servicemen who died in these wars who have already passed the age of eligibility, and some who have attained their educational

goals without Government aid. Fortunately the bill is timely for the large group. The biggest group of children eligible under the act are in the age group from 10 to 14 years and, of course, the children of some of the men who lost their lives in Korea are much younger.

The children who are eligible are those children of veterans who died as a result of a disability incurred in line of duty while in the Armed Forces during World War II or in the Korean conflict in combat or from an instrumentality of war. Since this bill was presented, the Veterans' Administration has pointed out that it will be difficult to determine deaths from an instrumentality of war. I intend to offer later an amendment to make eligible children of men who died of a service-connected disability during World War II or the Korean conflict.

There are about 100,000 orphans involved in this bill. The average age of the orphans today is from 10 to 14 years. Each orphan will be entitled to receive 36 months of education and training in an approved educational institution. The orphans will receive \$110 per month for full-time training and proportionately lesser amounts for part-time training—half time and above.

Each persons eligible may begin training upon the completion or termination of high school education or at the age 18. The training period will terminate at age 23. Any time lost in military service will be restored.

The types of training available would be courses offered by colleges, public and private vocational schools, business schools, and other approved educational institutions. There is no provision in this bill for farm training, on-the-job training, or avocational courses. There will be no training in foreign countries.

The administration of the program will be by the Veterans' Administration and is patterned after the education and training program for Korean veterans. The State approval agencies which now approve schools for the training of Korean veterans will be utilized for the approval of schools under this bill. Approval of a school for Korean veterans automatically covers approval under the orphans'-scholarship program.

Title IV of the bill gives the Administrator of Veterans Affairs broad discretionary authority in using the monetary benefits of the bill to obtain special restorative training to improve the individual's ability with respect to physical or mental functions in which he is handicapped and which are essential to the normal pursuit of education.

It would include courses of training such as language retraining, speech or voice correction, lipreading, auditory training, Braille training, one-handed typewriting, left-hand or nondominant-hand writing, and so forth. In defining special restorative training we have made it clear that we do not mean medical care and treatment. It was recognized by the committee that there would be a few persons among those eligible who would not be able to participate in regular training. We did not wish to deny these children because of their unfortunate circumstances. We have, therefore, made it possible to deal with them on an individual basis and use the



*Nonduplication of benefits*

SEC. 502. (a) The commencement of a program of education or special restorative training under this act shall be a bar to subsequent payments by reason of the proviso to paragraph VI, Veterans Regulation No. 10, as amended, or the proviso to section 3 (c), Public No. 484, 73d Congress, as amended, of compensation or pension to an eligible person over the age of 18, or of increased rates, or additional amounts, of compensation or pension because of such a person.

(b) No educational assistance allowance or special training allowance shall be paid on behalf of any eligible person under this act for any period during which such person is enrolled in and pursuing a course of education or training paid for by the United States under any provision of law other than this act, where the payment of an allowance would constitute a duplication of benefits paid from the Federal Treasury to the eligible person or to his parent or guardian in his behalf.

*Control by agencies of United States*

SEC. 503. No department, agency, or officer of the United States, in carrying out this act, shall exercise any supervision or control, whatsoever, over any State-approving agency, or State educational agency, or any educational institution; however, nothing in this section shall be deemed to prevent any department, agency, or officer of the United States from exercising any supervision or control which such department, agency, or officer is authorized, by existing provisions of law, to exercise over any Federal educational institution or to prevent the furnishing of education under this act in any institution over which supervision or control is exercised by such other department, agency, or officer under authority of existing provisions of law.

*Conflicting interests*

SEC. 504. (a) Every officer or employee of the Veterans' Administration who has, while such an officer or employee, owned any interest in, or received any wages, salary, dividends, profits, gratuities, or service from, any educational institution operated for profit in which an eligible person was pursuing a course of education under this act shall be immediately dismissed from his office of employment.

(b) The Administrator may, after reasonable notice and public hearings, waive in writing the application of this section in the case of any officer or employee of the Veterans' Administration, if he finds that no detriment will result to the United States or to eligible persons by reason of such interest or connection of such officer or employee.

*Reports by institutions*

SEC. 505. (a) Educational institutions shall, without delay, report to the Administrator in the form prescribed by him, the enrollment, interruption, and termination of the education of each eligible person enrolled therein under this act.

(b) The Administrator shall pay to each educational institution which is required to submit reports and certifications to the Administrator under this act, an allowance at the rate of \$1 per month for each eligible person enrolled in and attending each institution under the provisions of this act to assist the educational institution in defraying the expense of preparing and submitting such reports and certifications. Such allowances shall be paid in such manner and at such times as may be prescribed by the Administrator, except that in the event any institution fails to submit reports or certifications to the Administrator as required by this act, no allowance shall be paid to such institution for the month or months during which such reports or certi-

cations were not submitted as required by the Administrator.

*Overpayments to eligible persons*

SEC. 506. If the Administrator finds that an overpayment has been made to an eligible person as the result of (1) the willful or negligent failure of an educational institution to report, as required by this act and applicable regulations, to the Veterans' Administration excessive absences from a course, or discontinuance or interruption of a course by the eligible person or (2) false certification by an educational institution, the amount of such overpayment shall constitute a liability of such institution, and may be recovered in the same manner as any other debt due the United States. Any amount so collected shall be reimbursed if the overpayment is recovered from the eligible person. This section shall not preclude the imposition of any civil or criminal action under this or any other act.

*Examination of records*

SEC. 507. The records and accounts of educational institutions pertaining to eligible persons who received education under this act shall be available for examination by duly authorized representatives of the Government.

*False or misleading statements*

SEC. 508. The Administrator shall not make any payments under this act to any person found by him to have willfully submitted any false or misleading claims. Whenever the Administrator finds that an educational institution has willfully submitted a false or misleading claim, or that a person with the complicity of an educational institution, has submitted such a claim, he shall make a complete report of the facts of the case to the appropriate State approving agency and where deemed advisable to the Attorney General of the United States for appropriate action.

*Criminal penalties*

SEC. 509. Whoever knowingly and willfully—

(1) makes or presents any false, fictitious, or fraudulent affidavit, declaration, certificate, voucher, endorsement, or paper or writing purporting to be such, concerning any claim for payment under this act, or pertaining to any matter arising under this act,

(2) makes or presents any paper required under this act on which paper a date other than the date upon which it was actually signed or acknowledged by the claimant has been willfully inserted,

(3) certifies falsely that the declarant, affiant, or witness named in such affidavit, declaration, voucher, endorsement, or other paper or writing personally appeared before him and was sworn thereto, or acknowledged the execution thereof, or

(4) accepts and converts to his own use payments for any period during which he was not actually pursuing a course of education under this act for which period payment was made,

shall be fined not more than \$5,000 or imprisoned not more than 3 years, or both.

*Application of other laws*

SEC. 510. The provisions of Public Law No. 262, 74th Congress, approved August 12, 1935 (49 Stat. 607), as amended, the provisions of section 15 of Public Law No. 2, 73d Congress, as amended, the provisions of paragraph V, part I, Veterans Regulation No. 2 (a), as amended, and the provisions of titles II and III of Public Law No. 844, 74th Congress, approved June 29, 1936, as amended, shall be for application under this act.

*Waiver of recovery of overpayments*

SEC. 511. There shall be no recovery of payments of educational assistance allowance made under this act from any person

who, in the judgment of the Administrator is without fault on his part and where, in the judgment of the Administrator, such recovery would defeat the purpose of benefits otherwise authorized or would be against equity and good conscience. No disbursing officer or certifying officer shall be held liable for any amount paid to any person where the recovery of such amount is waived under this section.

*Effective date*

SEC. 512. This act shall take effect on the date of its enactment, but no educational assistance allowance shall be paid for any period before the first day of the first month which begins more than 90 days after the date of the enactment of this act.

Mr. TEAGUE of Texas (interrupting the reading of the committee amendment). Mr. Chairman, I ask unanimous consent that the further reading of the committee amendment be dispensed with, that the amendment be considered as read, and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was an objection.

Mr. HINSHAW. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am deeply concerned about this bill. It seems to be going very quickly without proper discussion. I have great respect for the gentleman's committee, but I would like to know a little bit more in connection with these illegitimate children who, I understand, come within the purview of this act: Whether they shall be required to be citizens of the United States in order to receive the benefits?

Mr. TEAGUE of Texas. Any illegitimate child who can qualify for compensation through legal means or under the law would be entitled to the benefits of this bill.

Mr. HINSHAW. The gentleman has not quite answered my question. I asked whether or not they would be required to be citizens of the United States.

Mr. TEAGUE of Texas. They would not necessarily be citizens of the United States.

Mr. HINSHAW. Now, may I point out to my dear friend that in World War II and in the Korean War, the GI was all over the map.

Mr. TEAGUE of Texas. Will the gentleman yield at that point?

Mr. HINSHAW. Just a moment. I want to mention a few of the countries.

Mr. TEAGUE of Texas. The gentleman realizes that they may not draw benefits under the terms of this bill in a foreign country.

Mr. HINSHAW. No, I do not realize that—they are eligible for benefits.

Mr. TEAGUE of Texas. But, it is prohibited to draw benefits in any foreign country.

Mr. HINSHAW. They can come into the United States under other laws and obtain a college education, I believe, as students. I do not believe the gentleman's provision would quite hold—it might hold, but I doubt it. I would want to find out from the gentleman from Pennsylvania [Mr. WALTERS] or from his committee whether or not such a child



might not have rights to come in as a student and hence receive their training in the United States at the expense of the United States.

Mr. TEAGUE of Texas. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield.

Mr. TEAGUE of Texas. If, under the legal interpretation or the veteran admitting that he was his child or if the veteran is dead and he is drawing compensation as a result, he would certainly be entitled to come into the country and receive educational training—otherwise, he would not.

Mr. HINSHAW. That is what I am talking about because the GI was all over—all over England, all over Germany and France and Italy and, in fact, all over almost the entire world. Whether or not legitimacy or illegitimacy can be proven in cases of that sort is going to be an almost indeterminable administrative problem. I have no doubt but what the gentleman and other members of his committee will be sought after a great deal to find out whether a child may be proven to be illegitimate or legitimate. I think this bill takes a great deal of consideration, and it is being offered to us very hastily, without reading. I have not objected to passing over without reading because it would take a great deal of time, and I think it should take some time, if a bill that may cost us anywhere from 150 to 600 million or more dollars and which conceivably would operate, according to the budget in the next to the last paragraph, of their report for at least a quarter of a century from now.

Mr. TEAGUE of Texas. There has been no bill from the Veterans Affairs Committee since I have been a member of it that has received more careful consideration than this bill. There are no gimmicks or new interpretations of the immigration laws in this bill. We have used the precedents establishing the legitimacy of any child, but the bill has been very, very carefully considered over a period of more than a year. There have been a number of roundtable discussions by representatives of the Government who will be concerned with this bill, and there were very careful hearings held on the bill. There is no intent on the part of the chairman to try to pass this bill hurriedly.

Mr. HINSHAW. Does the gentleman inform me that this bill has the approval of the various veteran organizations, such as the American Legion, the Veterans of Foreign Wars, and so on?

Mr. TEAGUE of Texas. It has the unanimous approval of every organization.

Mr. HINSHAW. That beats me. I do not see how they did it. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from California [Mr. HINSHAW] has expired.

Mr. TEAGUE of Texas. Mr. Chairman, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. TEAGUE of Texas:

On page 30, strike out lines 9, 10, and 11, and insert "from a disease or injury in-

curred or aggravated in the Armed Forces during World War II or the Korean conflict, and for,

On page 30, strike out line 22 and all that follows down through line 2 on page 31, and insert:

"(3) The term 'eligible person' means a child of a person who died of a disease or injury incurred or aggravated in line of duty in the active service in the Armed Forces during World War II or the Korean conflict, but only if such service did not terminate under dishonorable conditions. The standards and criteria for determining incurrence or aggravation of a disease or injury in line of duty shall be those applicable under disability compensation laws administered by the Veterans' Administration."

Mr. TEAGUE of Texas. Mr. Chairman, this amendment changes the definition of an eligible person. In the original bill, trying to make this bill apply to men only killed in combat, the language required that his death be the result of a disability incurred in line of duty during World War II or the Korean conflict in combat or from an instrumentality of war. The term "instrumentality of war" as officials of the Veterans' Administration have noted would be difficult to interpret, and for that reason the amendment is offered which includes children of all men who died of a disease or injury incurred or aggravated in line of duty; who died in World War II or the Korean conflict, but only if such service did not terminate under dishonorable conditions.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

The CHAIRMAN. The question is on the committee substitute as amended.

The committee substitute as amended was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. RAINS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 9824, pursuant to House Resolution 470, he reported the same back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to amend the title of the bill.

The Clerk read as follows:

Mr. TEAGUE of Texas moves to amend the title of the bill to read: "A bill to establish an educational assistance program for children of servicemen who died as a result of disability or disease incurred in line of duty during World War II or the Korean conflict."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The amendment was agreed to.

#### GENERAL LEAVE TO EXTEND

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent that all Members may have 3 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SISK. Mr. Speaker, H. R. 9824, the War Orphans' Education Assistance Act of 1956, now before the House for consideration, is the kind of legislation that makes me glad I am a member of the Committee on Veterans' Affairs, which is unanimously recommending passage. I believe it merits and will win unanimous passage by the House.

In brief, this bill provides financial assistance for the college education of children orphaned by the death of a parent as the result of a disability incurred in line of duty while in the Armed Forces during World War II or the Korean conflict. It seems to me that we may understandably have differences of opinion regarding a great many legislative proposals concerning veterans' benefits, but who can disagree with the obligation of our people to help educate the orphaned children of those who have given their lives in defense of our country?

We properly appreciate and pay homage to those who have died to help us, but we must also realize that they have sacrificed not only their lives, but also their opportunity to provide for their children and to give them the educational opportunities every mother and father seek for them. This bill recognizes that the educational opportunities of a great many war orphans' will be impeded, interrupted or made impossible by reason of the war-caused death of a parent, and it sets up an educational program and allowances to give them the opportunities the veteran would want for his children and which he would try to give them.

The amount of death compensation which the widow and child now receive is barely sufficient to meet minimum living costs. There is no possible way the average mother can provide an education opportunity for the child unless she has other income. This legislation proposes that the people of the United States recognize this obligation and step in and provide that supplementary income over a 4-year period. It is good legislation, already too long delayed. I earnestly hope it will have unanimous passage.

#### AMENDING TITLE III OF THE SERVICEMEN'S READJUSTMENT ACT

Mr. TEAGUE of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9260) to amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes.



The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 9260, with Mr. ALBERT in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Texas [Mr. TEAGUE] will be recognized for 30 minutes and the gentlewoman from Massachusetts [Mrs. ROGERS] for 30 minutes.

The Chair recognizes the gentleman from Texas.

Mr. TEAGUE of Texas. Mr. Chairman, I yield such time as he may desire to the gentleman from Oklahoma [Mr. EDMONDSON].

Mr. EDMONDSON. Mr. Chairman, this bill is identical with five other bills that were considered by the Housing Subcommittee of the Committee on Veterans' Affairs in an effort to correct five conditions which had been brought to the attention of the subcommittee in the course of investigating the housing program across the country.

The gentleman from Missouri [Mr. CHRISTOPHER] is the author of the pending bill. Similar bills were introduced by the gentleman from North Carolina [Mr. SHUFORD], the gentleman from Nebraska [Mr. WEAVER], the gentleman from Nevada [Mr. YOUNG], the gentleman from Texas [Mr. TEAGUE], and by myself.

Hearings were held on these bills on March 13 and 14 and H. R. 9260 was favorably reported by the subcommittee unanimously, subsequently amended in the full committee and, thereafter, reported unanimously by the full committee.

The five conditions which are dealt with by this omnibus bill may be summarized as follows:

In the first place, in the course of the hearings and investigations of the subcommittee across the country we discovered there was a condition known as the sale of entitlements which was taking place throughout the United States in which veterans were more or less being a party to a transaction whereby they would contract to purchase a home with a VA-guaranty loan for that home, then dispose of the home without ever occupying it, very often under conditions where there was serious doubt as to whether they ever had any intention to occupy it as a home.

One of the provisions of this bill, H. R. 9260, which the committee felt would help to correct this situation, requires that a veteran has to certify as to his intent to occupy the home which is the subject of a GI loan, at the time of the loan's closing. Under the existing situation he merely has to state when he applies for the loan that he intends to occupy it as a home. Thereafter he may say he has had a change in his intention in that regard and dispose of his entitlement under this sale of entitlements procedure and the Government is really without any recourse in the situation to stop the loan from going through.

This new provision would require that he must certify as to intent to occupy

the home at the time of the loan's closing, which we feel will help greatly to reduce this particular abuse of the GI bill.

Another provision deals with the situation which has come to exist with regard to appraisals. The law as it presently reads requires that the CRV, the certificate of reasonable value, which is issued on the house must be based on the appraisal reported by the appraiser. It cannot exceed that figure. In the course of a great deal of experience with the program the VA has determined it is necessary to revise that particular appraisal figure to make it coincide with other property values in a given development or make it coincide with changes in cost which may be present in connection with the house. For some time it has been the practice for the VA itself to review this question of appraisal and to set finally the figure that is to be the basis for the certificate of reasonable value. That procedure has been going on for some time with something of a question or a cloud over it because of the wording of the present law.

This bill would correct that situation and make it clear that the responsibility for review and of final determination of reasonable value does rest with the Administrator.

Another situation which we feel has created some injustice insofar as some veterans are concerned in the country has to do with the entitlements which they have to homes which are lost as the result of condemnations or of natural disasters of one kind or another. Under existing law when a piece of property is condemned on which a World War II veteran has a GI loan subject to an entitlement, under the law he can have his entitlement reinstated until July 25, 1957, the date the present program expires. This bill provides he can have his entitlement reinstated until January 25, 1965. By an act of the Government in many cases, or perhaps of a municipality or a State, he is deprived of his GI home through condemnation. The same result could follow an earthquake or tornado of some kind that wiped out his home.

This bill would make it possible to renew or to revive his GI entitlement until January 25, 1965, when without any cause or fault of his own he is deprived of it through such a thing as a condemnation proceeding or a natural disaster of some kind.

Another situation has to do with a condition that prevails in the GI loan field whereby literally thousands of veterans today are still held liable on loans which have been made to them some years back where the property has passed into the hands of a subsequent purchaser. It was felt that the interest of the veteran would be better served and certainly the interest of the Government would be better served if we made it possible in future transactions that a GI, who has obtained a loan and thereafter sells the home for one reason or another to someone else, may apply to have the subsequent purchaser assume his liability, whereupon the Government will have the right to determine whether or not this subsequent purchaser is a good

credit risk. If he is found to be a good credit risk, then the Government may accept his liability in lieu of the liability of the veteran. There is a feeling that this would provide a greater justice to the veteran himself and would also insure the Government of a solvent person in possession of the property to look to for the loan, because under the existing situation the Government does not have any right to go to this subsequent purchaser and collect from him on the Government's share which is guaranteed under this loan program.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. I just want to know whether that would apply to this situation: Can they reevaluate the amount of the loan under such a transaction where the veteran sells, let us say, to a nonveteran?

Mr. EDMONDSON. I do not think that there could be any increase in the liability of the Government under those circumstances at all, but the portion of the liability which still remains in the veteran could be assumed by the new purchaser if he was found by the Government to be a satisfactory credit risk.

Mr. CURTIS of Missouri. Whether he was a veteran or not—the subsequent purchaser?

Mr. EDMONDSON. That is correct.

Mr. CURTIS of Missouri. Let me give a specific case. We have this situation in St. Louis, and I imagine it exists elsewhere, where some veterans' homes were built around the airport, and they extended the airport and put jets on there, and the new regulation under the Veterans' Administration would not permit those homes to be guaranteed. So, when the veteran goes to sell his home, the subsequent purchaser cannot get the benefit of the veteran's loan, and that, of course, hurts the veteran who may have to sell his property due to being changed from one city to another to follow his job. Now, I was wondering if the gentleman's amendment would correct that problem that the veteran has.

Mr. EDMONDSON. It is my personal belief and, I believe, the belief of the staff present that it would take care of that situation and that it would make it possible for the subsequent purchaser, if he is a good credit risk, to assume that liability.

Mr. CURTIS of Missouri. In other words, they could not throw up this regulation that has come in since about being within a mile of the airport?

Mr. EDMONDSON. However, in that instance, the new purchaser would not be using his own entitlement but, rather, would be assuming the liability of the previous purchaser.

Mr. CURTIS of Missouri. I thank the gentleman.

Mr. SCHENCK. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman from Ohio.

Mr. SCHENCK. I rise to ask questions about this release and assumption agreement. As I understand, that is to operate much along the same line as



as present release and assumption agreement made by the Federal Housing Administration on FHA loans. Is that true?

Mr. EDMONDSON. I am informed that it is similar to the procedure which the FHA uses.

Mr. SCHENCK. Now, do I understand, also, that the person purchasing the property and getting the release and assumption agreement, assuming he is eligible under the standards set up by the Veterans' Administration, need not be a veteran?

Mr. EDMONDSON. The gentleman is correct, yes.

Mr. SCHENCK. But that the purchaser will have full advantage of whatever lower interest rates apply to the present guaranteed loan under the Veterans' Administration?

Mr. EDMONDSON. Well, as it presently stands, he would have that right. If he took over the loan, he would be paying on the loan at the same rate of interest that the veteran had. The only difference is that now the Government's position is protected because we say, "You, under this agreement, have bought the home from the veteran and may also be held liable to the Government," which under existing conditions may not be the case, for the Government's share of the loan.

Mr. SCHENCK. But the veteran under present legislation is responsible, is he not, in the event of a deficiency judgment?

Mr. EDMONDSON. Yes, he is. We have thousands of veterans who are discovering that they are liable, who thought when someone came in and assumed their loan and took over their house and occupied it that they were no longer responsible for the loan. This would not correct that situation that has existed under previous law, but it would prevent it from coming up in the future when a veteran does find a good credit risk to purchase his home and he has some reason to sell it.

Mr. SCHENCK. Because he would then be released of further responsibility on that mortgage?

Mr. EDMONDSON. Yes.

Mr. SCHENCK. My friend and colleague from Missouri, [Mr. CURTIS], asked a question about a home on which there is an insured loan, which home is within an area adjacent to a runway and therefore under the VA rules and under the FHA rules is no longer eligible for an insured mortgage. I did not quite understand the gentleman's answer to that. It was my impression that under this release and assumption agreement it would be possible for a purchaser to take over the unpaid balance of that loan and the veteran to be released; but I am sure that it is not intended that the property shall be regarded as eligible for an insured loan after the airport has come into being.

Mr. EDMONDSON. May I answer the gentleman in this way. There is not intended any enlargement of the liability of the Government in any way if the property has been made less desirable or a riskier type of property by some development such as a jet runway in the immediate vicinity. And it has been de-

termined that the Government does not want to enlarge and extend its liability by making new loans in that area. That is well and good. We do not propose to change that. But if a veteran sells his house or has the loan assumed by someone who takes it over, the Government's liability is not enlarged in any way by permitting this new purchaser to become liable for the loan which the Government already is guaranteeing on that property. We are not increasing or enlarging the liability of the Government in any way. We are simply finding a new party to whom we can look for repayment if we have to pay off on the guaranty.

Mr. SCHENCK. I understand that. It is my understanding that this proposed legislation does not renew the eligibility of a property which otherwise would be ineligible because of, say, this airport encroachment.

Mr. EDMONDSON. In the sense of making it eligible for a new loan?

Mr. SCHENCK. Yes.

Mr. EDMONDSON. Under the new GI entitlement it would not. But in the sense of making it possible for a transfer to occur under which a new purchaser came in and assumed the liability of the veteran on the existing loan, there is that change in the situation as we interpret this proposal.

Mr. SCHENCK. If I may ask one more question: Is there anything in this legislation that would in any way clarify or change the appraisal methods used by the VA appraisers?

Mr. EDMONDSON. There is nothing to change the appraisal methods. The only change with respect to appraisal is that we are legalizing the present procedure, the procedure that has been followed for some years, whereby the Administrator himself makes the final determination on a certificate of reasonable value, and he is not bound by the appraiser's figures at the time of the appraisal.

Mr. TEAGUE of Texas. Mr. Chairman, will the gentleman yield to me?

Mr. EDMONDSON. I yield to the chairman of the committee.

Mr. TEAGUE of Texas. I should like to say to the gentleman from Ohio that in the last 2 or 3 weeks, Mr. Higley has put into effect some regulations which I believe will help the appraisal system considerably; and much more will be done to take care of the appraisal system in the next year than has been done in the past.

Mr. SCHENCK. I thank the distinguished chairman of the committee for that comment, because I understood that had been done. May I also express my deep appreciation to this great Committee on Veterans' Affairs for their bringing in this legislation, which is very necessary and should be supported.

Mr. EDMONDSON. I thank the gentleman.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman from Ohio.

Mr. VORYS. The gentleman will recall that I appeared before his committee and conferred with the subcommittee in reference to a situation in my district where there was failure in a

whole subdivision of veterans' housing construction to carry out the contract and specifications. I had suggested that the problem was not so much with the appraisal as with the inspection system used by the Veterans' Administration. I further suggested that I felt that the remedy needed was to put in the hands of the Veterans' Administration under appropriate safeguards the right to bring a civil action for specific performance of the contract in the case of a veterans' subdivision or to bring an action for breach of the contract, rather than have each one of a whole group of veterans similarly situated bring a lawsuit. At least in the Columbus case, the fact that there were similar breaches of contract on many of the houses made it a subject that could have been taken care of in a group action. This was not necessary because corrections were made by agreement. In my investigations, however, I felt that veterans' housing needed more effective administration, first in making sure that the inspection would result in building the houses according to specifications and the appraisal, and second, in taking additional steps in case the contract was not carried out. I do not believe the second is taken care of in this legislation. What does the chairman of the subcommittee have to say on this?

Mr. EDMONDSON. May I say to the gentleman first of all that we appreciate his coming before the subcommittee to report the failures in the subdivision of Columbus. We have had assurances from the Veterans' Administration there that they are following up carefully on the contractors' delinquencies with regard to construction in that particular subdivision.

As to the problem of the inspections, the Administrator has recently announced the intention to appoint approximately 67 new supervising inspectors throughout the country, construction analysts, I believe they are actually called, who will have the responsibility of seeing that these inspections do occur systematically in each of the regional offices of the Veterans' Administration.

There has actually been, and I believe that the Veterans' Administration has sustained this point to some extent on this, a problem of skilled and trained personnel in this inspection field on the payroll of the Veterans' Administration to take care of this problem of continuous inspections in these large developments, large subdivisions, where sometimes hundreds of houses are under construction at the same time.

Mr. VORYS. Did the gentleman's committee come to the conclusion that the correction needed was administrative rather than legislative? Maybe we have all the laws that are needed, but it was my hope that his able committee would make sure that the Veterans' Administration would take some such action as the gentleman has just described. It seems to me like a step in the right direction.

Mr. EDMONDSON. In all honesty, I believe there is some joint responsibility there. I think that the Veterans' Administration should have a more competent and a better staff inspection serv-



ice at work with more careful and more extensive directions on the subject of inspection from the Veterans' Administration's central office. On the other hand, I think we in the Congress have failed to provide the funds and the mandate in the field of inspections that really were required to do the job and to do it adequately. I am hoping that there has been some progress in both directions of responsibility in the last few months.

Mr. VORYS. Perhaps I am overestimating the importance of the amendments here with reference to appraisals, but it seems to me that in this proposed bill you make very clear that not merely does the Veterans' Administration have to get somebody to go out and make an appraisal but the Administrator has to back up the appraisal. I think you are going to get by that action a little closer connection between the appraisal, the inspection, and the actual value of the house that is built.

Mr. EDMONDSON. I would hope that would be the result of the measure.

Mr. DEVEREUX. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield.

Mr. DEVEREUX. Is it not true that in the event a veteran cannot have recourse to the builder by reason of bankruptcy on the part of the builder that there is an administrative relief to the veteran for contingent liability and that the veteran may apply to the Veterans' Administration to be relieved of his contingent liability and that he be reinstated so far as obtaining a new GI loan?

Mr. EDMONDSON. The gentleman is in a field with which I do not have a great deal of personal familiarity. I am informed that the Administrator has the discretion in circumstances like that to modify or to change the liability of the veteran. However, I have no personal knowledge of cases where that has been done.

Mr. DEVEREUX. I wonder if the chairman has any information on that?

Mr. TEAGUE of Texas. It is my understanding that the Administrator does have that discretion, but he does not act in cases such as that.

Mr. DEVEREUX. In other words, he does have discretion. It was my understanding that in many instances similar to the one I have pointed out where there is no recourse of the veteran to the builder by reason of bankruptcy, and if it has been demonstrated, perhaps, that the Veterans' Administration through lack of inspections, perhaps, and in not forcing the builder to live up to the recognized code, then the Veterans' Administration must assume or take care of the responsibility and can, in turn, relieve the veteran of any contingent liability.

Mr. TEAGUE of Texas. I understand that legally he has the authority to do it, but it has been the policy not to act in cases such as that.

Mr. VORYS. It seems to me in a situation where a veteran made a contract for a house and has been making payments on it, and where the house was appraised at a certain value, and due to defects the house is not worth the money, it is a pretty poor remedy merely to re-

lieve him from part of his liability. What is needed is to make sure that he gets the sort of house that he contracted for. I realize that the veteran and his contractor have the primary responsibility, but it seems to me the Veterans' Administration should be more helpful than they have been in certain instances in making sure that he does not have that sort of loss, due to poor inspection, and irresponsible contractors.

Mr. TEAGUE of Texas. I am sure the gentleman from Ohio is aware of the severe criticisms that have come to this committee concerning the Veterans' Administration housing section, I would like to compliment the Administrator of Veterans' Affairs on taking the action which he has recently taken. I think next year you are going to see the situation improved considerably. The entire committee and the subcommittee—Mr. EDMONDSON, Mr. AYRES, Mr. WEAVER, Judge SHUFORD, and Mr. CHRISTOPHER did a fine job last year going all over the country and holding hearings. In most of the cases, they have been able to obtain many corrections so far as the veteran is concerned. I do believe the veterans of the country have failed to meet their responsibilities in buying a home in many cases, but there is no question in my mind that the Veterans' Administration has not in the past few years done what they should have done. But from the action recently taken, I certainly believe there will be some improvement next year.

Mr. EDMONDSON. Mr. Chairman, there is one additional provision which is sought to be remedied by this bill. Men who have served in World War II or in Korea and have left the service and have received a GI entitlement and have bought a home, and thereafter have gone back into the service, or have used this entitlement after going back into the service and have then been transferred to another station and are forced to leave the home which they have acquired under the GI bill, under existing provisions of law they cannot sell their home pay off the GI loan, and have their entitlement reinstated so that they can purchase a home at a new station or any new place where they might be sent by the Government under military orders. That is an inequity to the veteran who has gone back into the service, which does not exist as to other veterans in other lines of endeavor. Veterans not reentering the service have a right to have their entitlement reinstated when they are transferred by their company to some other place or when, by reasons over which they do not have control they are forced to some other climate.

The fifth provision of this bill would give to those veterans who have reentered the service the same rights with regard to reinstatement of entitlement, that other veterans have under existing law.

That seems to be the five principal conditions with which we have been concerned in connection with the GI bill on home-loan guaranty, and the five proposals which we have advanced in an effort to meet with them and to improve existing conditions.

I want to express my thanks to the staff of the subcommittee, Mr. Jenkins, housing consultant to the committee, and to the Administrator, Mr. Higley, and the Veterans' Affairs personnel who have assisted us in preparing these amendments to existing law.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. EDMONDSON] has expired.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield myself such time as I may desire, but I shall take very little time now. I am going to vote for the bill.

H. R. 9260 would amend the loan provisions of the Servicemen's Readjustment Act in order to provide certain additional benefits to veterans and to insure more effective operation of the loan guaranty program.

In the first place section 500 of the Servicemen's Readjustment Act would be amended to provide that veterans of World War II who have property securing a VA loan taken from them by public condemnation, natural hazard or other reasons beyond their control and without fault on their part may have the entitlement which they had used to obtain a loan to secure such property reinstated for use at any time in the future until January 31, 1965. This section would also permit a veteran who is in active service to get a restoration of any entitlement used to purchase a home when he disposes of such home as the result of being transferred under orders of the service department.

A number of sections of the Servicemen's Readjustment Act would be amended by the bill to clarify the fact that determinations as to the appraisal of reasonable value are made by the Administrator. Some uncertainty as to the legal authority of the Administrator to adjust the appraisals of designated appraisers would be resolved by this amendment which would serve to bring the provisions of the law into conformity with existing administrative practice.

Section 504 of the act would be amended to require that a veteran certify, both at the time he applies for a loan to be guaranteed by the Veterans' Administration and also at the time such loan is closed, that he occupies or intends to occupy the dwelling to be purchased with the proceeds of the loan as his home. The purpose of this amendment is to emphasize to veterans the requirements of the law with respect to occupancy as experience has shown that many of them were either unaware of, or disregarded, this requirement.

H. R. 9260 would also amend section 509 of the Servicemen's Readjustment Act to require the Veterans' Administration, on receipt of proper application, to release a veteran from liability to the Government on account of a guaranteed loan when he disposes of residential property to a subsequent purchaser if (1) the loan is current, (2) the subsequent transferee has obligated himself to assume liability for the payment of the balance of the loan, and (3) the transferee qualifies from a credit standpoint to the same extent as if he were



a veteran obtaining the loan in the first instance.

The bill would not increase the administrative costs of operation, nor would additional benefit appropriations be required.

At this time I would like to say I sincerely hope that the whittling away of the services of the Veterans' Administration, the taking away of the department is a very reprehensible thing, to my mind, and does not help the veterans in any way. I sincerely hope that everyone present will help to continue the veteran activities as they are now.

Mr. TEAGUE of Texas. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri [Mr. CHRISTOPHER].

Mr. CHRISTOPHER. Mr. Chairman, first I want to thank my chairman and the gentleman from Oklahoma [Mr. EDMONDSON] for the masterful way in which they have handled this legislation.

The only thing I would like to add is that this bill does not make it mandatory on the Veterans' Housing Administration to release a veteran when he sells his home, and accept as security the party that buys the home. It just gives them the privilege to do that. If they think the purchaser of this home is a better credit risk, or for any other reason they release the veteran and accept the other one, they have that privilege. It just gives them the privilege to do that if, in their wisdom, they think that is the right thing to do.

Mr. SISK. Mr. Chairman, I am urging passage of H. R. 9260 because I believe it will help to give us a more practical and workable veterans' home loan program, will prevent certain abuses of that program and will correct inequities which are preventing veterans from receiving the benefits to which they are entitled.

I would like to direct my remarks particularly to the committee amendment, which I proposed during consideration of the bill as the result of information reaching me that quite a number of veterans of World War II and the Korean conflict, who are remaining in military service as a career, are now denied the veterans' home loan guarantees they would receive if they were in civilian life.

This amendment deals with restoration of loan guarantee entitlements when a veteran must sell his home and move to another city or area because of a business transfer. This is necessary to provide his family a home in the new area, provided the original loan has been paid off and the guaranty terminated. Under present law the Administrator has the discretion to restore the entitlement. Under current policy a civilian veteran's entitlement is restored if an employer transfers him, but the veteran still in military service is denied reinstatement when the Armed Forces transfers his duty station. This policy has prevented many veterans in military service from using loan guarantee rights, because a military transfer would destroy the entitlement.

The committee has joined in my feeling that this present policy is unfair and inequitable. It penalizes the vet-

eran who continues to serve his country. It is an added reason for trained personnel to leave the military service, weakening our armed strength and increasing costs of training. I can find no reason for such a discriminatory rule.

The amendment would operate to provide the same right to veterans in military service which is now applied as a matter of policy in the cases of civilian veterans. It would not increase the Government's obligation, because original loans would have to be retired before the entitlement would be restored. I believe the Members will want to join in this merited correction of this program.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I have no further requests for time.

Mr. TEAGUE. I have no further requests.

The CHAIRMAN. If there are no further requests for time, the Clerk will read the bill.

The Clerk read as follows:

*Be it enacted, etc.,* That title III of the Servicemen's Readjustment Act of 1944, as amended, is hereby amended as follows:

(1) Section 500 (a) is amended by deleting the colon immediately preceding the last proviso and inserting in lieu thereof the following: "and, notwithstanding any other provision of this section to the contrary, an entitlement may be so excluded and restored to the use of any veteran at any time prior to January 31, 1965, for the purpose of obtaining a loan which will be guaranteed or insured in accordance with the provisions of this title;"

(2) Section 500 (c) is amended by striking the third sentence and inserting in lieu thereof: "Upon making a loan as provided herein, the lender shall forthwith transmit to the Administrator a report thereof in such detail as the Administrator may, from time to time, prescribe."

(3) Section 501 (a) is amended by striking subsection (3) and inserting in lieu thereof the following: "(3) That the price paid or to be paid by the veteran for such property, or for the cost of construction, repairs, or alterations, does not exceed the reasonable value thereof as determined by the Administrator."

(4) Section 502 (a) is amended by striking out subsection (4) and inserting in lieu thereof the following: "(4) That the price paid or to be paid by the veteran for such property, or for the cost of construction, repairs, or alterations, does not exceed the reasonable value thereof as determined by the Administrator."

(5) Section 503 is amended by striking out subsection (4) and inserting in lieu thereof the following: "(4) That the price paid or to be paid by the veteran for such property, or for the cost of construction, repairs, or alterations, does not exceed the reasonable value thereof as determined by the Administrator."

(6) Section 503A is amended by striking out the first paragraph and inserting in lieu thereof the following: "Whoever knowingly makes, effects, or participates in a sale of any property to a veteran for a consideration in excess of the reasonable value of such property as determined by the Administrator shall, if the veterans pay for such property in whole or in part with the proceeds of a loan guaranteed by the Veterans' Administration under section 501, 502, or 503 of this title, be liable for three times the amount of such excess consideration irrespective of whether such person has received any part thereof."

(7) Section 504 is amended by adding a new subsection (d) to read as follows: "(d) No loan for the purchase or construction of residential property shall be financed through the assistance of the provisions of this title unless the veteran applicant, at the time that he applies for the loan, and also at the time that the loan is closed, certifies, in such form as may be required by the Administrator, that he intends to occupy the property as his home. No loan for the repair, alteration, or improvement of residential property shall be financed through the assistance of the provisions of this title unless the veteran applicant, at the time that he applies to the lender for the loan, and also at the time that the loan is closed, certifies, in such form as may be required by the Administrator, that he occupies the property as his home. For the purpose of this title the requirement that the veteran recipient of a guaranteed or direct home loan must occupy or intend to occupy the property as his home shall be construed to mean that the veteran as of the date of his certification actually lives in the property personally as his residence or actually intends upon completion of the loan and acquisition of the dwelling unit to move into the property personally within a reasonable time and to utilize such property as his residence."

(8) Section 506 is amended by designating the existing provisions therein as subsection (a) and by adding a new subsection (b) to read as follows: "(b) Whenever any veteran disposes of residential property securing a guaranteed, insured, or direct loan obtained by him under this title, the Administrator, upon application made by such veteran and by the transferee incident to such disposal, shall issue to such veteran in connection with such disposal a release relieving him of all further liability to the Administrator on account of such loan (including liability for any loss resulting from any default of the transferee or any subsequent purchaser of such property) if the Administrator has determined, after such investigation as he may deem appropriate, that (1) the loan is current, and (2) the purchaser of such property from such veteran (a) has obligated himself by contract to purchase such property and to assume full liability for the repayment of the balance of the loan remaining unpaid, and (b) qualifies from a credit standpoint, to the same extent as if he were a veteran eligible under section 501 (a) for a guaranteed or insured or direct loan in an amount equal to the unpaid balance of the obligation for which he has assumed liability."

(9) Section 507 is amended by striking out subsection (3) and inserting in lieu thereof the following: "(3) The amount of the guaranteed loan does not exceed the reasonable value of the property or business, as determined by the Administrator."

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Page 2, line 2, strike out "title;" and insert "title:", and such section 500 (a) is further amended by adding at the end thereof the following: "In computing the aggregate amount of guaranty or insurance entitlement available to a veteran under this title, the Administrator shall exclude the amount of guaranty or insurance entitlement previously used for any loan guaranteed or insured under section 501 which has been repaid in full, and with respect to which the real property which served as security for the loan has been disposed of because the veteran, while in the active service, was transferred by the military department with which he was serving."

The committee amendment was agreed to.

Mr. TEAGUE of Texas. Mr. Chairman, I offer an amendment.



The Clerk read as follows:

Amendment offered by Mr. TEAGUE of Texas: Page 3, line 18, strike out the word "veterans" and insert the word "veteran."

The amendment was agreed to.

Mr. AYRES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. AYRES: On page 5, immediately after line 23, insert:

"(10) Section 501 is amended by adding at the end thereof the following:

"(d) Notwithstanding any other provision of this title, where a contract for the purchase of residential property has been entered into before July 25, 1957, and on that date approval of a loan for the purchase of such property is being processed by the Administrator, then such loan may be guaranteed pursuant to the provisions of this title if such approval is granted and the loan is closed on or before July 25, 1958."

Mr. AYRES. Mr. Chairman, the purpose of this amendment is to give a year's extension in the event that the loan is actually in process, but all of the details have not been completed. I am quite certain most of the Members know that under existing law the housing program for World War II veterans will expire on July 25, 1957. There is no assurance that it will be continued. I know the chairman of our committee is considering the possibility of holding hearings in regard to the continuation, but until something is definite in that regard I think it is advisable that we should protect ourselves against this rush at the end of the program by giving this extension to the loan applications on file that are supported by a contract to purchase that are in process, but not completed in all details. That is the purpose of the amendment.

Mr. TEAGUE of Texas. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield.

Mr. TEAGUE of Texas. The present law reads:

Any loan made by such veteran within 10 years after the termination of the war—

The termination of the war was considered as being July 25, 1947.

It is my understanding that the Veterans' Administration interpreted that to mean that veterans' loans must be completed by July 25, 1957.

If this amendment is adopted it means that so long as the application supported by a contract to purchase was filed before July 25, 1957, although the details are not entirely completed, it could still be processed within the following year, but the cutoff date for such applications would be July 25 of next year.

Mr. AYRES. It would provide that so long as his application and contract to purchase was filed before July 25, 1957, he would be entitled to the loan.

Mr. TEAGUE of Texas. But this amendment would fix an absolute date for filing the application with a sales contract which would be July 25, 1957; and that is the date most veterans believe today is the final date for a loan to be closed.

Mr. AYRES. That is correct.

Mr. TEAGUE of Texas. I have no objection to the amendment.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield.

Mr. EDMONDSON. I think that the amendment can serve a very worthwhile purpose.

I do, however, want to call upon the Committee at this time to give its consideration to the fact that this program is about to expire for millions of American veterans of World War II, and that we do face definitely the problem and the challenge of whether or not we are going to extend the program. My own opinion and my own plan, I know, is to introduce legislation that would provide for an extension; but until such time as that legislation has been acted upon there certainly is none, and I would thank the gentleman from Ohio for a clarification as to how long the Veterans' Administration will continue to process Korean loans under the existing law. I certainly have no objection to the amendment.

Mr. AYRES. I hope when the gentleman introduces legislation, as I understand he contemplates doing, that it will extend the housing provision of the GI bill. We should hold hearings. In my judgment we should decide this year and not next year whether the program is to be continued. If plans are to be made in the housing field we should make that decision before we adjourn this session of Congress.

Mr. EDMONDSON. I would certainly agree with the gentleman wholeheartedly and I know I can count on his cooperation in trying to bring that matter to an issue in this session.

Mr. AYRES. The gentleman can count on my cooperation in bringing it to an issue in this session and he can probably count on my cooperation in seeing that the program goes ahead according to schedule.

Mr. EDMONDSON. The gentleman is at least being helpful in the matter of how long we have to decide that question but we must have some additional leeway and some additional time to decide the question. I appreciate that.

Mr. AYRES. We are going to be confronted with many problems regardless of when the program ends. We ought to face up to our responsibility in this session.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. I heartily endorse the gentleman's amendment and I hope very much that the loans will be continued. As I have stated previously, it is a horrible thing to me to watch the attempt to scrap and to quibble away the benefits now administered by the Veterans' Administration. Other departments do not begin to do the job as well and the veterans are not protected. I heartily endorse the gentleman's amendment and I commend the committee for the wonderful work they have done.

Mr. AYRES. I thank the gentleman for her endorsement.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. AYRES].

The amendment was agreed to.

Mr. SCHENCK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to commend the Veterans' Administration, its central office, its regional and district offices, for the splendid job they are doing in connection with loans on real estate for veterans. At the same time, I would like to see this Congress somehow or other emphasize to the Veterans' Administration the need for prompt and proper consideration of applications that have been filed for loans. Oftentimes the veteran himself finds that he must have prompt consideration of his loan in order to do the thing that he must do in finding proper housing for himself and family. Also owners of houses who are selling their homes to veterans oftentimes have to wait an unconscionable length of time for approval by the Veterans' Administration of the various portions of the insured mortgage. Owners upon signing an agreement to sell their home to a veteran must take their home off the market and can do nothing about moving themselves until the deal is closed. This delays occupancy by the veteran and complicates many situations still further. Then, too, builders of new homes which are sold to veterans are finding themselves having to pay an excessive amount of interest on construction loans, waiting a very long time to get these various approvals through. This additional cost is passed on to the veteran and results in greater housing costs to be borne by the veteran and his family.

So I hope that the Committee on Veterans' Affairs will take all the steps at its disposal to encourage the Veterans' Administration to speed their service and at the same time to guard all of the rights and prerogatives of the veterans and all of the sound mortgage writing principles which must be guarded. I certainly would never advocate speeding mortgage methods at the expense of getting bad mortgages, but I certainly think there are plenty of opportunities where improvement in this service can be made. Perhaps this means that better qualified, more experienced, and increased numbers of personnel should be hired by Veterans' Administration offices throughout the Nation. Veterans and others pay substantial fees for appraisements, inspections, and other services. I feel sure, Mr. Chairman, that these fees will more than pay these necessary additional costs and veterans are entitled to better service. Perhaps this also means that better administrative procedures through which many lost motions, unnecessary red tape, and other delays can be eliminated. I am sure, Mr. Chairman, that everyone connected with the consideration of home mortgage loans for veterans is trying hard to do a good job and really wants to do a good job, but, I am certain, Mr. Chairman, that a great deal of time and money can be saved and real improvement can be obtained both in the quality and quantity of VA loans by the installation of more business like methods. It is my sincere hope, Mr. Chairman, that the Veterans' Administration will continue



to improve its operations and that every effort will be made to reach new and higher goals of efficiency.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ALBERT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 9260) to amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes, pursuant to House Resolution 478, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en bloc.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed, and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

#### GENERAL LEAVE TO EXTEND

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

#### CORRECTION OF VOTE

Mr. O'BRIEN of New York. Mr. Speaker, on rollcall No. 28, I am recorded as not voting. I was present and voted "aye." I ask unanimous consent that the Record and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

#### GENERAL AGREEMENT ON TARIFFS AND TRADE

(Mr. MILLS asked and was given permission to address the House for 1 minute and to include an analysis of House Resolution 459.)

Mr. MILLS. Mr. Speaker, several days ago I asked that House Resolution 459, relating to the General Agreement and Tariffs and Trade and the proposed Organization for Trade Cooperation be analyzed by the executive department and questions raised by the resolution answered.

Such an analysis has been prepared within the Departments and transmitted to me by Mr. Robert C. Hill, Assistant Secretary, Department of State, and is as follows:

DEPARTMENT OF STATE,  
Washington, April 18, 1956.

Hon. WILBUR D. MILLS,  
House of Representatives.

DEAR MR. MILLS: In accordance with your request, I enclose a memorandum prepared by the Department of State analyzing the provisions of H. Res. 459, relating to the General Agreement on Tariffs and Trade and the proposed Organization for Trade Cooperation.

Sincerely yours,

ROBERT C. HILL,  
Assistant Secretary.

(Enclosure: Memorandum on provisions of H. Res. 459, relating to GATT and OTC.)

#### ANALYSIS OF HOUSE RESOLUTION 459, 84TH CONGRESS

The resolution (H. Res. 459) introduced by Representative BAILEY with respect to the General Agreement on Tariffs and Trade and the Organization for Trade Cooperation, raises a number of questions with respect to the legal basis for American participation in the general agreement and the effect of congressional approval of the Organization for Trade Cooperation. The present memorandum analyzes and answers these questions.

1. The resolution first raises the question as to the legislative authority for the participation by the United States in the General Agreement on Tariffs and Trade. Such legislative authority is contained in the Trade Agreements Act of 1934, as amended and extended, which specifically authorizes the President to enter into foreign trade agreements for the purpose of expanding American exports. The General Agreement on Tariffs and Trade is such a trade agreement.

2. More specifically, the resolution inquires regarding the source of authority for each article of the general agreement, and whether there are any articles of the agreement which are not based on the authority of the Trade Agreements Act. The Trade Agreements Act authorizes the President to make and secure the commitments contained in each article of the general agreement. The act recites the broad purpose of expanding markets for products of the United States and authorizes action by the President if he finds that measures are burdening and restricting the foreign trade of the United States, and that this broad purpose will be promoted thereby. Accordingly, the act specifically authorizes the President to enter into foreign trade agreements without any qualification on the content of such agreements other than that they shall relate to foreign trade. Moreover, the act authorizes the conclusion of such agreements when duties or other import restrictions of the United States or a foreign country are adversely affecting our foreign trade, and authorizes the President to proclaim modifications of duties and other import restrictions, additional restrictions, and the continuance of customs or excise treatment in order to carry out such agreements.

The report of the Ways and Means Committee on the original trade-agreements legislation, which was made a part of the Senate Finance Committee report on the same bill, stated that it was noteworthy that in negotiating with respect to a complex situation relating to trade the President could deal not merely with customs duties but with other import restrictions. The report also emphasized that the authority covered various types of measures for the retardation of trade (73d Cong. 2d sess., H. Rept. 1000, 15 and 16; *ibid.*, S. Rept. 871, 18 and 19).

Secretary of State Hull in appearing before the Ways and Means Committee had emphasized the need for "broad authority to face other countries with their network of ever-increasing devices of every kind and description and name." He submitted for the record a list of devices to which he had referred,

including import quotas, license restrictions, exchange controls, clearing agreements, mixing regulations, consular and other administrative fees, marks of origin, and sanitary measures. (Ways and Means Committee (House), reciprocal trade agreements: Hearings on H. R. 8430, pp. 8, 9, 13, and 15 to 21).

The report of the Ways and Means Committee also throws light on the scope of the trade agreements which it was intended the President would enter into under the new legislation. In two places, when discussing the constitutionality of the legislation and when referring to the existing most-favored-nation commitments of the United States, the committee recognized that many agreements relating to trade had been entered into by the President in the past (73d Cong., 2d sess., H. Rept. No. 1000, pp. 10 and 55; *ibid.* S. Rept. No. 871, pp. 13 and 18). Various of these earlier agreements had contained provisions relating to the reasonableness of restrictions and fees affecting imports, to export taxes (1891 agreement with Brazil), to sanitary restrictions and statutory rights to retaliate against them (1891 agreement with Germany), to customs and consular regulations, valuation for customs purpose, the review of customs rulings, and import documentation (1907 agreement with Germany), and to most-favored-nation treatment with respect of import and export duties and other charges, of transit, warehousing, and other facilities, and of licensing and import and prohibitions (1924 agreement with Greece). Thus by 1934 the term "trade agreement" had come to mean an agreement covering a wide range of trade controls relating to importation and exportation.

The specific term "duties and other import restrictions" is defined by the Trade Agreements Act itself to include, in addition to rates of duty, the "form of import duties and classification of articles" and "limitations, prohibitions, charges, and exactions other than duties, imposed on importation or imposed for the regulation of imports" (sec. 350 (c) (1)).

The substantive trade undertakings provided for in the General Agreement on Tariffs and Trade consist of (1) those relating to nondiscriminatory trade treatment (arts. II, XIII, XVII); (2) those relating to national treatment with respect to internal measures affecting imports (art. IV); (3) those relating to tariff concessions (arts. III and XXVIII); (4) those relating to customs administrative matters (arts. V, VI, VII, VIII, IX, and X); (5) those relating to elimination or administration of quantitative and exchange restrictions on trade (arts. XII, XIII, XIV, and XV); (6) those relating to subsidies upon the exportation of goods (art. XVI); and (7) exceptions from these various undertakings (arts. XVIII, XIX, XX, XXI, XXIV, and portions of other articles already cited).

Each of the articles of the General Agreement falls within one or more of the authorizations under the Trade Agreement Act described above. Each is authorized by the Trade Agreement Act of 1934, as amended and extended.

3. The resolution inquires as to the extent to which the powers of the proposed Organization for Trade Cooperation can be enlarged, without the approval of Congress, through the exercise of the so-called self-amending power of the General Agreement under Article XXX of that agreement.

There is no self-amending power in the General Agreement. Amendments enter into force only by virtue of acceptance by individual governments. Moreover, no amendment to the General Agreement can have any effect on any country which does not accept the amendment. In other words, it would not be possible for other governments to adopt an amendment and then force that amendment upon the United States.

The participation of the United States in the General Agreement rests upon the au-









84TH CONGRESS  
2D SESSION

# H. R. 9260

---

IN THE SENATE OF THE UNITED STATES

APRIL 24, 1956

Read twice and referred to the Committee on Labor and Public Welfare

---

## AN ACT

To amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That title III of the Servicemen's Readjustment Act of  
4       1944, as amended, is hereby amended as follows:

5       (1) Section 500 (a) is amended by deleting the colon  
6       immediately preceding the last proviso and inserting in lieu  
7       thereof the following: "and, notwithstanding any other pro-  
8       vision of this section to the contrary, an entitlement may  
9       be so excluded and restored to the use of any veteran at any  
10      time prior to January 31, 1965, for the purpose of obtain-  
11      ing a loan which will be guaranteed or insured in accord-

1   ance with the provisions of this title:", and such section 500  
2   (a) is further amended by adding at the end thereof the  
3   following: "In computing the aggregate amount of guaranty  
4   or insurance entitlement available to a veteran under this  
5   title, the Administrator shall exclude the amount of guaranty  
6   or insurance entitlement previously used for any loan guar-  
7   anteed or insured under section 501 which has been repaid  
8   in full, and with respect to which the real property which  
9   served as security for the loan has been disposed of because  
10  the veteran, while in the active service, was transferred by  
11  the military department with which he was serving."

12       (2) Section 500 (c) is amended by striking the third  
13  sentence and inserting in lieu thereof: "Upon making a loan  
14  as provided herein, the lender shall forthwith transmit to  
15  the Administrator a report thereof in such detail as the  
16  Administrator may, from time to time, prescribe."

17       (3) Section 501 (a) is amended by striking subsection  
18  (3) and inserting in lieu thereof the following: "(3) That  
19  the price paid or to be paid by the veteran for such property,  
20  or for the cost of construction, repairs, or alterations, does  
21  not exceed the reasonable value thereof as determined by  
22  the Administrator."

23       (4) Section 502 (a) is amended by striking out sub-  
24  section (4) and inserting in lieu thereof the following:  
25  "(4) That the price paid or to be paid by the veteran

1 for such property, or for the cost of construction, repairs,  
2 or alterations, does not exceed the reasonable value thereof  
3 as determined by the Administrator.”

4 (5) Section 503 is amended by striking out subsection  
5 (4) and inserting in lieu thereof the following: “(4) That  
6 the price paid or to be paid by the veteran for such property,  
7 or for the cost of construction, repairs, or alterations, does  
8 not exceed the reasonable value thereof as determined by  
9 the Administrator.”

10 (6) Section 503A is amended by striking out the first  
11 paragraph and inserting in lieu thereof the following: “Who-  
12 ever knowingly makes, effects, or participates in a sale of any  
13 property to a veteran for a consideration in excess of the  
14 reasonable value of such property as determined by the  
15 Administrator, shall, if the veteran pays for such property  
16 in whole or in part with the proceeds of a loan guaranteed  
17 by the Veterans’ Administration under section 501, 502,  
18 or 503 of this title, be liable for three times the amount of  
19 such excess consideration irrespective of whether such per-  
20 son has received any part thereof.”

21 (7) Section 504 is amended by adding a new sub-  
22 section (d) to read as follows: “(d) No loan for the pur-  
23 chase or construction of residential property shall be financed  
24 through the assistance of the provisions of this title unless  
25 the veteran applicant, at the time that he applies for the



1 loan, and also at the time that the loan is closed, certifies,  
2 in such form as may be required by the Administrator, that  
3 he intends to occupy the property as his home. No loan  
4 for the repair, alteration, or improvement of residential  
5 property shall be financed through the assistance of the pro-  
6 visions of this title unless the veteran applicant, at the time  
7 that he applies to the lender for the loan, and also at the time  
8 that the loan is closed, certifies, in such form as may be  
9 required by the Administrator, that he occupies the property  
10 as his home. For the purpose of this title the requirement  
11 that the veteran recipient of a guaranteed or direct home  
12 loan must occupy or intend to occupy the property as his  
13 home shall be construed to mean that the veteran as of  
14 the date of his certification actually lives in the property  
15 personally as his residence or actually intends upon comple-  
16 tion of the loan and acquisition of the dwelling unit to move  
17 into the property personally within a reasonable time and  
18 to utilize such property as his residence.”

19 (8) Section 506 is amended by designating the existing  
20 provisions therein as subsection (a) and by adding a new  
21 subsection (b) to read as follows: “(b) Whenever any  
22 veteran disposes of residential property securing a guaran-  
23 teed, insured, or direct loan obtained by him under this  
24 title, the Administrator, upon application made by such  
25 veteran and by the transferee incident to such disposal,

1 shall issue to such veteran in connection with such disposal  
2 a release relieving him of all further liability to the Admin-  
3 istrator on account of such loan (including liability for  
4 any loss resulting from any default of the transferee or any  
5 subsequent purchaser of such property) if the Administrator  
6 has determined, after such investigation as he may deem  
7 appropriate, that (1) the loan is current, and (2) the  
8 purchaser of such property from such veteran (a) has  
9 obligated himself by contract to purchase such property and  
10 to assume full liability for the repayment of the balance of  
11 the loan remaining unpaid, and (b) qualifies from a credit  
12 standpoint, to the same extent as if he were a veteran  
13 eligible under section 501 (a), for a guaranteed or insured  
14 or direct loan in an amount equal to the unpaid balance  
15 of the obligation for which he has assumed liability.”

16 (9) Section 507 is amended by striking out subsec-  
17 tion (3) and inserting in lieu thereof the following: “(3)  
18 The amount of the guaranteed loan does not exceed the  
19 reasonable value of the property or business, as determined  
20 by the Administrator.”

21 (10) Section 501 is amended by adding at the end  
22 thereof the following:

23 “(d) Notwithstanding any other provision of this title,  
24 where a contract for the purchase of residential property  
25 has been entered into before July 25, 1957, and on that

1 date approval of a loan for the purchase of such property is  
2 being processed by the Administrator, then such loan may  
3 be guaranteed pursuant to the provisions of this title if such  
4 approval is granted and the loan is closed on or before  
5 July 25, 1958."

Passed the House of Representatives April 23, 1956.

Attest:

RALPH R. ROBERTS,

*Clerk.*





---

## AN ACT

---

To amend title III of the Servicemen's Re-adjustment Act of 1944, as amended, and for other purposes.

---

APRIL 24, 1956

Read twice and referred to the Committee on Labor  
and Public Welfare







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued June 28, 1956  
For actions of June 27, 1956  
84th-2nd, No. 107

## CONTENTS

|                            |       |                          |       |                         |          |
|----------------------------|-------|--------------------------|-------|-------------------------|----------|
| Accounting.....            | 32    | Flood control.....       | 6     | Personnel.....          | 7,29     |
| Animal slaughter.....      | 16    | Food and drugs.....      | 26    | Poultry inspection..... | 24       |
| Appropriations.....        | 1,34  | Food production.....     | 15    | Reclamation.....        | 20       |
| Assistant Secretaries..... | 8     | Foreign affairs.....     | 15    | Reports.....            | 31       |
| Budget.....                | 31,32 | Foreign aid.....         | 10,22 | Research.....           | 8        |
| CCC.....                   | 2,20  | Forestry.....            | 12,20 | Small business.....     | 27       |
| Contracts.....             | 9     | Information.....         | 33    | Social security.....    | 27       |
| Defense production.....    | 18    | Legislative program..... | 20    | Taxation.....           | 27       |
| Education.....             | 5     | Livestock and meat.....  | 28    | Trade, foreign.....     | 13,20,25 |
| Electrification.....       | 21    | Loans, farm.....         | 11,30 | Veterans' benefits..... | 11       |
| Export control.....        | 17    | Marketing.....           | 3     | Water.....              | 6,23     |
| Farm credit.....           | 20    | Mining.....              | 19    | pollution.....          | 4        |
| Farm program.....          | 27    | Organization.....        | 8     | Watersheds.....         | 14       |

HIGHLIGHTS: Both Houses agreed to conference reports on, and cleared for President: Public works appropriation bill. Labor-HEW appropriation bill. Water pollution bill. Senate debated mutual security bill. Senate agreed to conference report on bill to extend Export Control Act. Senate agreed to conference report on bill to extend Defense Production Act. House Rules Committee cleared bill to increase CCC borrowing authority. Rep. Dodd urged compulsory poultry inspection.

## HOUSE

1. APPROPRIATIONS. Both Houses agreed to the conference reports on the following bills and thus cleared for Presidential action:  
H. R. 10003, the D. C. appropriation bill for 1957. pp. 10005, 10048  
H. R. 11319, the public works appropriation bill for 1957. pp. 10010, 10048  
H. R. 9720, the Labor-HEW appropriation bill for 1957. pp. 10026, 10052  
Conferees were appointed on H. R. 10986, the Defense Department appropriation bill for 1957. p. 10052 Senate conferees were appointed on June 26.
2. COMMODITY CREDIT CORPORATION. The Rules Committee reported a resolution for the consideration of H. R. 11132, to increase the borrowing authority of the CCC. pp. 10051, 10079
3. MARKETING. The Rules Committee reported a resolution for the consideration of H. R. 4054, to provide a system of mortgage insurance to municipal and other political subdivisions of the States, to be administered by the USDA, for the expansion of public marketing of perishable commodities. pp. 10051, 10079

4. WATER POLLUTION. Both Houses agreed to the conference report on S. 890, to extend and strengthen the Water Pollution Control Act. This bill is now ready for the President. pp. 10007, 10073
  5. EDUCATION. The Rules Committee reported a resolution for the consideration of H. R. 11695, to extend until June 30, 1958, the program of financial assistance in the construction and operation of schools in areas affected by Federal activities under the provisions of Public Laws 815 and 874, 81st Congress. pp. 10051, 10079
  6. WATER. The Public Works Committee ordered reported S. 2374, to authorize the Secretary of the Army to enter into contracts to furnish water for municipal water supplies from flood control and river and harbor projects. p. D698
  7. PERSONNEL. The Education and Labor Committee reported without amendment H. R. 11923, to provide for the conferring of an award to be known as the Medal for Distinguished Civilian Achievement (H. Rept. 2500). p. 10079
  8. RESEARCH; ORGANIZATION. The Armed Services Committee ordered reported H. R. 11575, to provide for an Assistant Secretary for Research and Development for each of the three military departments of the Defense Department. p. D696
  9. CONTRACTS. The Ways and Means Committee ordered reported H. R. 11947, to extend and amend the Renegotiation Act of 1951. p. D698
- SENATE
10. FOREIGN AID. Began debate on H. R. 11356, the mutual security bill. Agreed to limit debate, beginning Thurs., to 1 hour on each amendment, and to 3 hours on the question of final passage. pp. 9988, 10019, 10023, 10033
  11. VETERANS' BENEFITS; FARM LOANS. The Labor and Public Welfare Subcommittee on Veterans' Affairs ordered reported to the full committee with amendment H. R. 9260, to extend the VA guaranteed-loan program for 1 year until July 25, 1958. p. D694
  12. FORESTRY. The Interior and Insular Affairs Committee reported without amendment H. R. 7663, to restore subsurface rights in certain lands formerly a part of the Uintah Indian Reservation to the Ute Indians (S. Rept. 2372). p. 9984
  13. FOREIGN TRADE. The Interstate and Foreign Commerce Committee submitted a report, "Influence of Cargo Preference Statutes on the Surplus Agricultural Disposal Program" (S. Rept. 2376). p. 9984
  14. WATERSHEDS. Received from the Department of the Army a review report on the Oswego River watershed at Auburn, N. Y. (S. Doc. 133). p. 9984
  15. FOREIGN AFFAIRS. Sen. Flanders commented on various aspects of foreign affairs, including the effects of increased food production in India. p. 10045  
Sen. Mansfield spoke on the need for continued military and economic aid for Southeast Asia. p. 10009
  16. ANIMAL SLAUGHTER. Sen. Neuberger spoke on the need for more humane methods in the slaughter of animals for food consumption, and inserted two letters on the matter. p. 10009







June 28, 1957

by a vote of 36 to 52, an amendment by Sen. Johnston to limit the importation of cotton textile products when the Secretary of Agriculture determines there is a surplus of cotton in the U. S. (P. 10177).

14. **MILITARY CONSTRUCTION; SURPLUS COMMODITIES.** Passed with amendments H. R. 9893, to authorize certain construction at military installations. The bill authorizes the Secretary of Defense to use for family housing construction in foreign countries, foreign currencies not to exceed \$250 million acquired through provisions of the Agricultural Trade Development and Assistance Act or other commodity transactions of the CCC. Conferees were appointed. p. 10138
15. **POULTRY.** Sen. Neuberger inserted two Labor Union resolutions favoring legislation for the compulsory inspection of poultry. p. 10117
16. **RECLAMATION.** The Interior and Insular Affairs Committee reported with amendments S. 2217, to provide for the transfer of title to irrigation distribution systems constructed under the Federal reclamation laws upon completion of repayment of the costs (S. Rept. 2379). p. 10118
17. **MINING; FORESTRY.** Sen. Neuberger inserted a newspaper editorial commenting on the Al Sarena mining investigation. p. 10129  
Passed without amendment H. R. 10872, to provide for an extension of time during which annual assessment work on unpatented mining claims may be made. Reconsidered the vote by which S. 3773, a similar bill, was passed on June 27, and further consideration of this bill was indefinitely postponed. The House bill will now be sent to the President. p. 10136
18. **FOREIGN AFFAIRS.** Sen. Flanders suggested certain techniques the U. S. should follow in providing assistance to underdeveloped countries. p. 10130
19. **FLOOD INSURANCE.** Sen. Lehman urged the passage of Federal flood insurance legislation this session, and inserted several letters on the matter. p. 10133
20. **LABOR AND PUBLIC WELFARE COMMITTEE** ordered reported the following bills: p. D703  
~~S. 2663, with amendment, to establish an effective program to alleviate conditions of excessive unemployment in certain economically depressed areas;~~  
H. R. 9260, with amendment, to extend the VA guaranteed loan program for 1 year until July 25, 1958;  
H. R. 7732, without amendment, to amend the Federal Food, Drug, and Cosmetic Act so as to provide for the regulation of the use of coal tar coloring for the outside of certain oranges.
21. **LEGISLATIVE PROGRAM.** Sen. Johnson announced that the calendar will be called on Mon., and there may be a Sat. session if action on the mutual security bill is not completed today. pp. 10187, 10227

#### ITEMS IN APPENDIX

22. **FARM PROGRAM.** Rep. Hayworth criticized the administration's farm program and inserted a Democratic Digest article, "Backing and Filling With Ike and Ezra." p. A5101
23. **FOREIGN AID.** Sen. Sparkman inserted a newspaper article, "Foreign Aid Needs More Study." p. A5104  
Rep. Miller, Neb., inserted a newspaper editorial commenting on an article written by Raymond Cartier of France who concludes that "there would be less



anti-Americanism in the world if America abandoned its philanthropic aspirations, its vocation of Santa Claus, its transcendental morality, all its missionary trappings, all its Boy Scout gear, and if, at last, it followed openly and intelligently the policy of its own interest." p. A5123

24. TEXTILES. Rep. Roberts inserted Donal Comer's, chairman of Avondale Mills, Inc., letter addressed to Gov. Sherman Adams pointing out the economic deprivation being suffered in the textile industry caused by the heavy, uncontrolled import of textiles from Japan. p. A5107
25. REA. Rep. Thompson, La., commended "the rural electrification program which is vital to the comfort, progress, and general welfare of so many..." and inserted a Southwest Louisiana Electric Membership Corp. resolution on this subject. p. A5111
26. FARM PRICES. Rep. Ostertag inserted an editorial, "Rising Farm Parity Ratio," and stated that "the editorial calls attention to the fact that the decline in farm prices, which began during the Truman administration, and continued, through at a far slower rate, under this administration, has at last been reversed." p. A5119
27. DAIRY; RESEARCH. Sen. Thye inserted an editorial paying tribute to Dr. William G. Petersen, a dairy scientist, of the University of Minnesota. p. A5123

#### BILLS INTRODUCED

28. POULTRY INSPECTION. H. R. 12016, by Rep. Anfuso, to provide for the compulsory inspection of poultry and poultry products so as to prohibit the movement in interstate of foreign commerce of unsound, unhealthful, diseased, unwholesome, or adulterated poultry or poultry products; to Agriculture Committee.
29. GRAIN STORAGE. H. R. 12030, by Rep. Vanik, to amend the Internal Revenue Code of 1954 to terminate for future construction the deductions for amortization of emergency facilities and grain-storage facilities; to Ways and Means Committee.

#### BILLS APPROVED BY THE PRESIDENT

30. APPROPRIATIONS. H. R. 9739, the Independent Offices Appropriation Act for 1957. The Act includes funds for the Civil Service Commission, Federal Civil Defense Administration, the President's disaster relief fund, Federal Power Commission, Federal Trade Commission, General Accounting Office, General Service Administration, Housing and Home Finance Agency, Interstate Commerce Commission, National Science Foundation, Selective Service System, and Veterans' Administration. Approved June 27, 1956 (Public Law 623, 84th Congress).
31. APPROPRIATIONS. H. R. 11473, the Legislative Branch Appropriation Act for 1957. The Act also provides funds for the Botanic Garden, Library of Congress, and Government Printing Office. Approved June 27, 1956 (Public Law 624, 84th Congress).

#### PRINTED HEARINGS RECEIVED IN THIS OFFICE

32. WATER RESOURCES; ELECTRIFICATION. Commission on Organization of the Executive Branch of the Government (Water Resources and Power Report). Part IX - Chicago, Ill. House Government Operations Committee.







## AMENDING TITLE III OF THE SERVICEMEN'S READJUSTMENT ACT OF 1944

---

JULY 11, 1956.—Ordered to be printed

---

Mr. LEHMAN, from the Committee on Labor and Public Welfare,  
submitted the following

### R E P O R T

[To accompany H. R. 9260]

The Committee on Labor and Public Welfare, to whom was referred the bill (H. R. 9260) to amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

#### EXPLANATION OF BILL

This bill, with committee amendments, amends title III of the Servicemen's Readjustment Act of 1944 (Public Law 346, 78th Cong.), as follows:

(1) The termination date of the loan guaranty program for World War II veterans would be extended for 1 year, from July 25, 1957, to July 25, 1958. In addition, the bill provides that notwithstanding the termination date of July 25, 1958, any loan which is being processed by the Administrator on that date may be guaranteed if on or before July 25, 1959, approval is granted and the loan is closed.

(2) The bill would amend existing law to permit the restoration of entitlement, at any time prior to January 31, 1965, where the property subject to the initial use of entitlement was taken by a governmental agency for public use, destroyed by natural hazard, or otherwise disposed of for compelling reasons without fault on the part of the veteran.

(3) The bill would amend existing law to permit the restoration of entitlement used for a home loan by a veteran who is in the military service and who disposes of his home because of a transfer on military orders. Under present law, the home loan entitlement cannot be used more than once.

(4) The bill would add a new subsection to existing law to require that a veteran applicant for a loan to purchase, construct, or repair, alter, or improve a home, certify, both at the time he applies for the loan and at the time a loan is closed, that he occupies or intends to occupy the property as his home. At the present time, the veteran must so certify only at the time he applies for the loan.

(5) The bill would add a new provision to existing law to permit a veteran obligor on a current loan to be released from liability to the Administrator on account of such loan when he disposes of residential property securing the loan obligation to a transferee who qualifies from a credit standpoint and has assumed full liability for the repayment of the unpaid balance of such loan.

(6) Appropriate sections of title III would be amended to clarify the Administrator's responsibility with respect to appraisals.

*Extension of loan guaranty program*

The present loan guaranty program for World War II veterans is due to expire on July 25, 1957.

The Veterans' Administration has underwritten over 4,700,000 loans made to veterans by private lending institutions. More than 4,400,000 were made for the purchase or construction of homes, 225,000 were business loans, and another 70,000 were made in connection with farming activity. The dollar volume of closed loans is nearly \$36 billion with a VA guaranty of about \$19½ billion. More than 1 million of these loans have been paid in full, and it is estimated that the outstanding loan balances total about \$26 billion, on which the Government's contingent liability amounts to approximately \$14 billion.

The repayment record which our veterans have maintained is excellent. The VA has been called upon to pay a total of 41,600 claims, which represents less than 1 percent of all loans closed. In the case of home loans, the VA has been called upon to pay claims on about one-half of 1 percent of the cases. This fine record is a tribute not only to the individual veterans, but demonstrates the care with which the loans were made by the private lending institutions and the diligent manner in which they were serviced.

The home loan guaranty program is by far the largest of these programs. Veterans have been able to obtain homes on more favorable terms than would otherwise have been available. As compared with FHA-insured or conventional financing, the down-payment required has been smaller, interest rates have been lower, the amortization period has been longer, and, to some extent, sales prices have on the average been lower.

More than 11 million veterans have not yet participated in this program. Yet there can be no doubt that many of them need homes and, if given more time to improve their financial resources, would take advantage of the relatively favorable terms under the GI program to purchase homes. It is worth noting that because financing on GI terms has been more difficult to obtain in small towns and rural areas than in metropolitan areas, a smaller proportion of veterans in the outlying areas have had an opportunity to take advantage of their privileges under the Servicemen's Readjustment Act to purchase homes.

The program has played an increasingly important role in the total housing picture. Last year, homes financed with VA-guaranteed

mortgages constituted 30 percent of total housing starts. An abrupt cutoff of this program at this time would undoubtedly result in a reduction in home building at a time when housing activity has already declined considerably.

Such a severe and sudden shock to the Nation's home-building activity must be avoided. The committee therefore recommends that the veterans' loan guaranty program be extended for at least 1 year beyond the present expiration date, and that the VA should be authorized to guarantee loans during the year following the termination date, if the veteran's application was received on or before that date.

#### *Reinstatement of entitlement*

Section 500 of the Servicemen's Readjustment Act of 1944 provides that under certain conditions a veteran can reinstate his entitlement. However, with respect to World War II veterans the right to reinstatement would expire July 25, 1957. The numerous plans for future superhighways and freeways will subject many veterans' homes to public condemnation, thereby forcing the veteran out of his home. If this occurs after the expiration of the benefits for World War II veterans, he will not be able to have his entitlement reinstated. Therefore, subsection 1 of this bill provides that World War II veterans who lose their homes by public condemnation, natural hazards, or other compelling reasons devoid of fault, can have their entitlements reinstated during the life of the Korean benefits, which expire on January 31, 1965.

The committee bill also provides that an eligible veteran still in service upon being transferred by orders, can dispose of his home, pay off his guaranteed loan, and have his entitlement reinstated.

#### *Responsibility for appraisal*

Section 500 (c) refers to the appraisal report of the designated appraiser and sections 501 (a), 502 (a), 503, 503A, and 507 all contain the provision that the price paid by the veteran must not exceed the reasonable value thereof as determined by proper appraisal made by an appraiser designated by the Administrator. In the beginning of the program, the lender selected the appraiser from an approved roster furnished by the Veterans' Administration. The appraiser made his report to the lender, who in turn made the loan based upon the appraiser's recommended reasonable value. Under this procedure, the lender was able to determine for himself that the loan did not exceed the recommended reasonable value made by the appraiser. The Veterans' Administration, however, changed this procedure, due to the many abuses, and itself designated the appraiser and had the appraiser make his report direct to the Veterans' Administration, which after review of such report makes a determination of reasonable value. Under this procedure the lender does not know if the amount paid by the veteran exceeds the recommended reasonable value established by the designated appraiser.

Some lenders have withdrawn from the program due to this technicality in fear of loans being declared illegal in the future. To correct this technicality, subsections 2 through 6 and subsection 9 of the bill change the wording of the sections mentioned to comply with the present policies and procedures of the Veterans' Administration.



*Certification of intent*

Section 501 and 512 contain the requirements that the home or residence of the veteran is to "be occupied by him as his home." Under the present Veterans' Administration policies and procedures the veteran is required to certify at the time of his application for a guaranteed or insured loan that he intends to occupy the property as his home. In order to bring this requirement to the attention of all future veteran home buyers, subsection 7 of the bill requires that, in addition to the certification made at the time he executes the application for a guaranteed home loan, the veteran shall again certify that he intends to occupy the property as his home at the time of the closing of the loan.

*Release of liability*

Under section 509, the Administrator was given authority to grant release to veteran purchasers of liability to the Administrator on a guaranteed loan wherein he deemed it appropriate to do so. This authority has been little used and the rules and regulations issued as a result of this section barred most all veterans from obtaining a release of their liability to the Administrator in cases where they have sold their home and permitted the buyer to assume their guaranteed or insured loan. These regulations go so far as to state that the veteran will not be relieved of liability unless the second buyer is a better financial risk than the original veteran buyer. In other words, the original veteran will be released only in cases where it is to the distinct advantage of the Government. The second buyer, regardless of his status as a veteran or a nonveteran, in assuming a guaranteed or insured loan derives many of the benefits afforded under such a loan without necessarily assuming the responsibility for such loan to the Administrator. If the second purchaser defaults and there is a deficiency claim as a result thereof, the original veteran purchaser is liable for such deficiency under the present laws. Subsection 8 of the bill provides that where a veteran sells his home which was obtained with a Veterans' Administration loan, he and the prospective buyer can make application to the Administrator for the acceptance of the second buyer in lieu of the original veteran purchaser. The requirements for the acceptance of this second buyer are that he assumes full liability for repayment of the unpaid balance of the loan including all the obligations of the veteran under the terms of the instrument creating and securing the loan, he is acceptable under the same credit requirements as the original veteran purchaser, and the loan must be current.

JUNE 20, 1956.

HON. LISTER HILL,

*Chairman, Committee on Labor and Public Welfare,  
United States Senate, Washington, D. C.*

DEAR SENATOR HILL: Further reference is made to your request for a report by the Veterans' Administration on H. R. 9260, 84th Congress, an act to amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes, as passed by the House of Representatives on April 23, 1956.

This measure would amend the Servicemen's Readjustment Act of 1944, as amended, in a number of particulars. Section 500 (a) would be amended to permit the restoration of entitlement used for a home

loan by a veteran who is in service and who disposes of his home because of a transfer on orders of the service department. Used entitlement would also be restored to a veteran at any time prior to January 31, 1965, where the property subject to the initial use of entitlement was taken by a Government agency for a public use, destroyed by natural hazard, or otherwise disposed of for compelling reasons without fault on the part of the veteran. Section 501 would be amended to provide that notwithstanding the termination date of July 25, 1957, for the guaranty of loans to World War II veterans, any loan for the purchase of residential property which is being processed by the Administrator on July 25, 1957, may be guaranteed if on or before July 25, 1958, approval is granted and the loan is closed. Sections 500 (c), 501 (a), 502 (a), 503, 503A, and 507 would be amended so as to delete certain references therein to determinations by proper appraisal made by an appraiser designated by the Administrator and to rephrase these provisions to provide for such determinations by the Administrator. A new subsection would be added to section 504 to require that a veteran applicant for a loan to purchase, construct, or repair, alter, or improve a home, certify, at the time he applies for the loan and at the time the loan is closed, that he occupies or intends to occupy the property as his home. The bill would also add a new subsection to section 506 to permit a veteran obligor on a current loan to be released from liability to the Administrator on account of such loan when he disposes of residential property securing the loan obligation to a credit-worthy transferee who has assumed full liability for the repayment of the unpaid balance of such loan.

Item (1) of the bill relates to the restoration of certain used entitlement. Under existing law the restoration (or exclusion of initial use) of entitlement, used for a loan with respect to which the security has been (1) taken by a governmental agency for public use, (2) destroyed by fire or other natural hazard, or (3) disposed of because of other compelling reasons without fault of the veteran, would not be available beyond July 25, 1957, the general terminal date prescribed by section 500 of the Servicemen's Readjustment Act with respect to the guaranty or insurance of loans for the World War II group. The subject proposal would, therefore, provide the same termination date for the use of restored guaranty entitlement for World War II veterans as presently applies to the use of any guaranty entitlement available to Korean conflict veterans. This would create a situation whereby veterans of World War II who have qualified for exclusion, recomputation, and restoration of their entitlement may use such benefits at any time prior to January 31, 1965, whereas World War II veterans who had never utilized their entitlement would be precluded from using it after July 25, 1957. It would seem that the latter group might raise a question of discrimination and, perhaps, urge an equal extension of the entitlement period which would afford them opportunity to participate in the program beyond the present deadline. The language of the proposal would permit the Veterans' Administration to continue its present policy, based on considerations of administrative simplicity, of not entertaining requests for restoration of used entitlement unless the need is present or contemplated in the immediate future.

The current Veterans' Administration policy of not restoring entitlement incident to the disposition of a GI home upon military



transfer to a new duty station was based on the fact that the regular rotation or transfer of military personnel, being a customary aspect of military service, must have been fully anticipated by the personnel involved and therefore would not seem to constitute one of the "compelling reasons devoid of fault on the part of the veteran" warranting a restoration of loan entitlement. The proposal to provide specifically for the exclusion of entitlement in military transfer cases, irrespective of the number of such transfers for the person concerned, raises a serious question of policy.

It may be noted that under section 222 of the National Housing Act, as added by section 124 of the Housing Act of 1954 (Public Law 560, 83d Cong., approved August 2, 1954), a system of FHA mortgage insurance was established for Armed Forces personnel who require housing assistance. Under this program the Department of Defense pays the FHA loan insurance premiums. The interest rate of 4½ percent paid by the borrower on his loan and the maximum maturity term of 30 years are the same as that applicable to Veterans' Administration guaranteed home loans. The amount of an FHA insured serviceman's loan may be up to 95 percent of the appraised value (not to exceed \$17,100), whereas Veterans' Administration loans may be made for as much as 98 percent of the purchase price if the borrower is able to locate a lender willing to make a loan in such amount.

It should be further noted in connection with this aspect of the proposal that the Veterans' Administration does not restore entitlement of a veteran who has disposed of his home for compelling reasons devoid of fault unless the loan has been paid in full. If the proposed amendment is enacted, this regulatory requirement of the Veterans' Administration would not be changed, and exclusion of entitlement in military transfer cases would be approved only in the event that the Administrator had in fact been released from guaranty liability on the loan with respect to which exclusion of entitlement was requested by the serviceman.

Items (2), (3), (4), (5), (6), and (9) of the proposed legislation would amend sections 500 (c), 591 (a), 502 (a), 503, 503A, and 507, respectively, so as to delete references therein to designated appraisers and clarify the fact that final determinations of reasonable value vest in the Administrator.

Following the enactment of the Servicemen's Readjustment Act, the Veterans' Administration established a panel of appraisers from which a lender selected an appraiser to make an estimate of the "reasonable value" of the property and this estimate was made available to the lender and the seller. Certain undesirable practices and pressures in the adjustments of appraisals resulted from this procedure, however, and in 1948 the present practice was adopted whereby fee appraisers are selected by the Veterans' Administration and their estimates of reasonable value are considered confidential. The revised procedure has reduced controversies and contributed to sounder appraisals and hence to a sounder administration of the Servicemen's Readjustment Act.

Although the lending fraternity generally has accepted the current procedure under which the Veterans' Administration issues a certificate of reasonable value in lieu of permitting the fee appraiser to furnish a lender with a copy of his appraisal report, certain institutional lenders have insisted that they were entitled to a copy of



the fee appraiser's appraisal report. Apparently this contention is based on the conclusion that under the act a loan is eligible for guaranty only if the purchase price or cost of the dwelling unit is not in excess of the reasonable value thereof as determined in the first instance by the designated fee appraiser. It is the position of the Veterans' Administration, however, that it must determine whether the fee appraiser's appraisal is proper, as required by the statute, and that in the exercise of this responsibility and authority to determine what is a proper appraisal this agency may adjust the fee appraiser's estimate of reasonable value.

It would appear that this position would be sanctioned under the statute whether or not the proposed changes to the Servicemen's Readjustment Act are adopted. No change in the existing administrative practice would be entailed. The Veterans' Administration would not be precluded from employing the fee-appraiser system and authority for the final determination of reasonable value would continue to vest in the Administrator should the amendments be enacted.

Item (7) of the bill would amend section 504 so as to require a certification of occupancy, or intent to occupy, residential property. It should be noted that under current procedures veterans applying to lenders who are required to or who voluntarily submit proposed loans to the Veterans' Administration for prior approval are required to certify on the loan application form (VA Form 4-1802) as to their intention to occupy the property as a home. A certification of occupancy has not been required of the veteran on the certification of loan disbursement (VA Form 4-1876) which the lender submits after the loan is closed in prior approval cases, since the veteran at the present time is not required to execute that form. In cases where supervised lenders elect to make loans under the automatic procedure, the veteran applies to the lender for a loan and the lender proceeds to complete the loan to the veteran and then submits a report to the Veterans' Administration on VA Form 4-1820. The veteran currently certifies on this form concerning his occupancy intention. In such automatic procedure cases, the proposed requirement that the veteran also make a certification "at the time that he applies for the loan" to the lender might well be considered a "redtape" irritant by supervised lenders. In such cases there would have to be a separate certification which the lender would have to attach to his loan report when submitting the report to the Veterans' Administration.

In view of the foregoing considerations in connection with loan processing, the question is raised as to whether it might not suffice, both in the case of loans made under the automatic procedure and under the prior approval procedure, to require only that the veteran execute a single certification which would be "at the time that the loan is closed," thereby obviating the necessity for having a supervised lender obtain a certification from the veteran when he first applies to it for a loan in an automatic procedure case. The crucial moment for the requisite intention on the part of the veteran would seem to be the time that the loan is closed. It is the opinion of the Veterans' Administration that if the proposed amendment were modified to require a certification by the veteran at the time that the loan is closed, it would accomplish the objective of the amendment and at the same time would be more acceptable to supervised lenders electing to process loans under the automatic procedure. In prior approval

cases the Veterans' Administration could, as a matter of policy, continue to require the veteran to certify regarding his occupancy intention at the time that he applies to the lender for a loan and executes an application for loan guaranty on VA Form 4-1802.

Item (8) of H. R. 9260 would amend section 506 to release a veteran from liability to the Government where the veteran has sold residential property securing a guaranteed, insured, or direct loan if the Veterans' Administration determined that the loan is current and that the purchaser (1) has assumed full liability for the repayment of the loan balance, and (2) qualifies from a credit standpoint for a guaranteed, insured, or direct loan in an amount equal to the unpaid balance for which he has assumed liability. This proposal would establish a preference for residential property owners over veterans who used their entitlement to purchase business or farm property.

Since the proposal is prospective only, otherwise eligible veterans who are now indebted to the Government because of the payment of the guaranty resulting from a default by a transferee of the property would not be benefited by its provisions, and therefore such veterans might consider the amendment to be discriminatory.

A more important effect of the amendment, it is believed, is the prejudicial effect it would have on the interests of the Government. In many, if not most, instances the veteran who voluntarily disposed of his home realized a profit when he did so. In this respect it is questioned as to whether the best interests of the Government are served where the veteran is allowed to realize a profit and at the same time be released from future liability that might be incurred by the Government if it is required to pay a guaranty on the loan which he obtained.

Under the basic statute the debtor-creditor relationship between the borrower and the lender is carried on throughout the entire loan transaction, and the Veterans' Administration, which acts in the capacity of the guarantor of the loan only, is not a party to the immediate contract terms. It is therefore important to point out that any arrangement which the Veterans' Administration might make with the veteran could not affect the holder's vested rights, and unless the holder also agreed to the substitution of mortgagors the veteran would still be liable on the indebtedness so far as the holder is concerned.

Under section 509 of the Servicemen's Readjustment Act, as amended, the Administrator is given discretionary authority to grant releases of the nature contemplated by the subject proposal where he deems it appropriate to do so. Under current operating policies and procedures such consent is granted only upon the request of the holder and in limited cases. The Veterans' Administration Manual, entitled "Loan Guaranty Operations for Regional Offices" (M4-8, pt. III), provides as follows:

#### "2.40 Release of Personal Liability

"Pursuant to VA Regulation 4324 (F) (but with certain exceptions noted therein) the Government's obligation as guarantor or insurer will be invalidated upon the release of the personal liability of any obligor on a guaranteed or insured loan without the prior approval of VA.



"a. *Restrictions.* It is not contemplated that requests for such releases will be granted as a mere matter of course. The personal liability of an obligor on a guaranteed or insured loan is a contingent asset of the Government, and a release thereof will not be given unless it will best serve the Government's interests. For example, if by reason of the advantageous financing or otherwise, the property is being sold by the present owner at a substantial profit and the release of personal liability is an additional benefit solely for his own convenience and protection, the release will not be granted. On the other hand, if the credit rating of the assumer is superior to that of the present obligor and the transfer will result in the reinstatement of a defaulted loan, a release of personal liability would be proper, if this is required as a condition of the sale. In other words, a release will not be granted merely for the present owner's convenience, but if the present owner is in trouble with his mortgage and the interests of the Government as well as the holder will be best served by transfer of the obligation to stronger hands, the release will be granted—particularly in cases of this kind where the sale is conditioned upon such release. (See also par. 2.14c and e hereof.)

"b. *Government's Right of Indemnification.* Where the original veteran-borrower's personal liability will be released incident to the transfer, it must be remembered that it is only with respect to him that the Government's right of indemnification arises. The retention of this right becomes particularly important in those jurisdictions where considerable time and expense is involved by the necessity of retaining the liability of assumers through a deficiency judgment. Therefore, unless the purchaser agrees to assume the indemnity obligation of the veteran, a release of the veteran's personal liability would not ordinarily be granted without due consideration of the Government's interests in this regard."

Item (10) would amend section 501 to provide that the Veterans' Administration may guarantee a loan at any time through July 25, 1958, if the contract of purchase of residential property has been entered into prior to July 25, 1957, and on that date approval of a loan for the purchase of such property is being processed by the Veterans' Administration. This agency is in accord with the objective of this proposal.<sup>1</sup> The question is raised, however, as to whether the committee may not wish to consider broadening this amendment to afford the same measure of administrative leeway to farm and business loans, loans for the construction, alteration, repair, or improvement of residential property, and loans for the refinancing of delinquent indebtedness. In the interest of defining more precisely the circumstances under which the residential purchase loans may be processed to the point of issuing guaranty, it is suggested that the language after the word "date" be deleted and the following substituted in lieu thereof:

"\* \* \* a loan report or an application for home loan guaranty relating to a loan for the purchase of such property has been received by the Administrator, then such loan may be guaranteed or insured pursuant to the provisions of this title if the loan is approved for guaranty or insurance by the Administrator and the loan is closed on or before July 25, 1958."



If it is desired to include all other types of eligible loans<sup>1</sup> in this type of provision, the Veterans' Administration will supply the necessary amendatory language.

In summary, it is the view of the Veterans' Administration that the proposal to permit restoration of entitlement until January 31, 1965, for certain veterans of World War II is unsound and would discriminate against those World War II veterans who would be unable to avail themselves of unused entitlement subsequent to July 25, 1957. The Veterans' Administration questions the need or desirability of the specific exclusion of entitlement in military transfer cases. This agency would have no objection to the various amendments to the Servicemen's Readjustment Act which would delete references to designated appraisers and clarify the fact that final determinations of reasonable value vest in the Administrator. The objectives of the proposal to require occupancy certifications are viewed with favor, but it is believed that a modification of this proposal to require a certification by the veteran applicant only at the time the loan is closed would provide the desired safeguard without undue complications in loan processing. It is considered that the proposed amendment to section 509 of the Servicemen's Readjustment Act to release a veteran from liability to the Administrator in the circumstances stated would not, for the reasons given above, be in the best interests of the Government. Finally, the purpose of the proposal to provide an additional processing period for certain residential purchase loan applications after the expiration date of the loan guaranty program is favored in principle<sup>1</sup> with the suggestion that it be broadened to include loans for other eligible purposes.

An estimate of the fiscal effects of the bill has not been attempted, in view of various indeterminate factors. However, it is not believed that such increased cost as might result from the liberalizing provisions would be large.

Advice has been received from the Bureau of the Budget that there would be no objection to the submission of this report to the committee.

Sincerely yours,

H. V. HIGLEY, *Administrator.*

---

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington, D. C., June 7, 1956.

Hon. LISTER HILL,

*Chairman, Committee on Labor and Public Welfare,  
United States Senate, Washington, D. C.*

MY DEAR MR. CHAIRMAN: This is in reply to your letter of May 2, 1956, requesting the views of the Bureau of the Budget regarding H. R. 9260, a bill to amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes.

Section (1) of this bill would provide that any loan entitlement restored to a World War II veteran by the Administrator of Veterans'

<sup>1</sup> However, as pointed out in the reports on S. 3602, S. 3639, and S. 3977, if it is decided that a further extension of the World War II loan guaranty program is indicated, it is believed that a more desirable and equitable extension would be one measured by the actual length of the individual veteran's service.

Affairs may be used up to January 31, 1965. Such a provision would, in effect, extend the loan benefits for the veterans affected well beyond the present termination date. In doing so, it would be contrary to the program of the President, as indicated in the Bureau of the Budget report to your committee dated May 25, 1956, on S. 3639 and S. 3602. It would also discriminate against those veterans who have not used their original entitlement and who would therefore not benefit under this proposal.

Sections (2), (3), (4), (5), (6), and (9) would strengthen the basis for current administrative practice by clarifying the Administrator's ultimate responsibility for determining property valuations. This is a sound objective, which appears to be met by the sections cited above.

Section (7) would require that the veteran certify his intent to occupy the residential property involved at the time of application and again when the loan is closed. The Bureau of the Budget favors the objective of guarding against possible abuse of the veterans loan program. However, in view of the administrative complications which appear likely under this proposal, it is believed that consideration should be given to the alternate proposal of the Veterans' Administration, which would serve the same purpose without the inherent complications of section (7).

Section (8) would provide that, when a veteran sells his home to another individual who meets certain requirements, the veteran will be released from liability to the Government and the liability will be transferred to the purchaser. It is noted that such a change would apply only to residential property and to sales closed after enactment of the bill, thereby discriminating against holders of business and farm property and veterans who have sold their homes in the past but remain liable to the Government.

In addition to the weaknesses noted above, section (8) would often place the Government in the position of paying a claim on a loan defaulted by the second or later purchaser, even though the veteran who was released from liability had made a substantial profit on his sale. Such an arrangement would constitute an unintended extra benefit for some veterans selected by chance and would be prejudicial to the interests of the Government.

Section (10) would provide an extra year for the processing and closing of loans applied for by the present termination date, July 25, 1957. It appears that such a change would be helpful in eliminating confusion and inequities which might develop under existing law. The favorable attitude of the Bureau of the Budget toward this proposal was indicated in our report to your committee on S. 3639 and S. 3602.

In summary, the Bureau of the Budget would favor enactment of sections (2), (3), (4), (5), (6), (9), and (10) of this bill. However, for the reasons stated above, this office would be opposed to sections (1), (7), and (8). Consequently, in view of the importance of these three sections, the Bureau of the Budget recommends against favorable consideration of H. R. 9260 by your committee.

Sincerely yours,

ROBERT E. MERRIAM,  
*Assistant to the Director.*



EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington, D. C., April 5, 1955.

Hon. LISTER HILL,  
*Chairman, Committee on Labor and Public Welfare,  
United States Senate, Washington, D. C.*

MY DEAR MR. CHAIRMAN: This is in reply to your letter of January 13, 1955, requesting the views of this office with respect to S. 302, a bill amending section 500 of the Servicemen's Readjustment Act of 1944, as amended.

The bill provides for the extension of the termination date of the veterans' loan guaranty program from July 25, 1957, to July 25, 1960.

The basic purpose of the loan guaranty program was the readjustment of veterans: to facilitate the extension of credit to young veterans to establish households, farms, or businesses who in consequence of long military service had been deprived of the opportunity to accumulate savings and establish credit and employment records. The present deadline, which is 10 years after the cessation of hostilities, would appear to be a reasonable one for the attainment of this objective.

Although the purpose is readjustment, obviously its ramifications are significant to the building industry and the general economy. However, the present law will not terminate the program for more than 2 years. This provides adequate time for a reappraisal of the desirability of its extension or such adjustments in other Federal housing programs as the housing situation or general economic conditions may warrant. The Housing Act of 1954 liberalized very substantially the terms on which mortgages may be federally insured for all borrowers. If further liberalization appears necessary to meet economic objectives in 1957 or later years, it would appear the more liberal terms should be made available to all prospective home purchasers rather than only to those veterans who have not used up their entitlement to loan guaranties.

Accordingly the Bureau of the Budget advises that the extension of the program would not be in accord with the program of the President.

Sincerely yours,

ROWLAND HUGHES, *Director.*

APRIL 14, 1955.

Hon. LISTER HILL,  
*Chairman, Committee on Labor and Public Welfare,  
United States Senate, Washington, D. C.*

DEAR SENATOR HILL: Further reference is made to your request for a report on S. 302, 84th Congress, a bill amending section 500 of the Servicemen's Readjustment Act of 1944, as amended.

The purpose of this measure is to extend the terminal date of the GI loan guaranty program for veterans who qualify by reason of World War II service. Title III of the Servicemen's Readjustment Act (Public Law 346, 78th Cong., approved June 22, 1944) provides that the benefits of the loan guaranty program shall be available to eligible veterans of World War II for a period of 10 years after the termination of the war, and the termination of World War II was subsequently fixed at July 25, 1947, by Public Law 239, 80th Congress,



S. 302 would extend the present terminal date by 3 years; i. e., until July 25, 1960.

The question as to whether or not such an extension is desirable would appear to be primarily a matter of policy for the Congress to determine. In its consideration of the matter the committee will, no doubt, wish to take into account the fact that there are now nearly 15¾ million veterans of World War II, and that about 3.8 million World War II veterans have obtained GI loan benefits from the inception of the program through January 25, 1955. At least 11½ million veterans, therefore, have not used any GI loan entitlement and most of the veterans who have received a guaranteed or insured loan have a substantial amount of entitlement remaining.

The total value of home loans guaranteed under the VA program through January 31, 1955, is \$26.5 billion and, therefore, it is evident that the impact of the VA housing program on the home building industry has been very important and that its effect on the national economy in general has been substantial. VA loan guaranty activity in the last half of 1954 was at a near-record level, due, in large part, to an increased availability of mortgage credit, and a continuation of high level activity is to be expected, barring an unforeseen reversal of present economic trends. As the guaranty entitlement termination date for World War II veterans approaches it is possible that a further acceleration of activity might occur as a result of the advancement of purchase plans by veterans prior to the expiration deadline. Such a development could be sufficiently pronounced as to have a disruptive effect on the housing industry. Should the Congress be of the opinion that an extension of the terminal date of the program is desirable it would seem preferable to authorize it early so that the veteran public could be made aware that no rush would be necessary to avoid losing the opportunity afforded by the GI loan benefits.

It is difficult to estimate the probable cost of the proposed legislation because such estimate depends on the number of veterans, who will use loan benefits because of the 3-year extension but would not use the benefits otherwise. During the 3-year period ending January 25, 1955, about 1 million veterans obtained GI loans based on entitlement derived from World War II service. (Loans to World War II veterans who used entitlement derived from post-Korea service are not included in this total, since veterans who served in both periods would not be affected by the proposed bill.) If it is assumed that GI loans will be readily available and that general economic conditions will be favorable, it is probable that the number of GI loans made to World War II veterans in the 3-year period of extension contemplated by the bill would number at least 1 million, and the total might go considerably higher, since the availability of private funds for GI loans on favorable terms was quite restricted during most of the 3-year "base period" on which this estimate is based. On the other hand, some of the loans which would be made to World War II veterans after July 25, 1957, under the subject bill, if enacted, might properly be ascribable to the many veterans who, in the absence of such enactment, might have accelerated their home purchases to get in under the present deadline.

The major item to be considered in making an estimate of the potential cost of the bill is the administrative cost to the Veterans' Administration which these additional loans would entail. To date,

such costs, including salaries of Veterans' Administration employees assigned to the loan guaranty program and related expenditures, have averaged less than \$25 per loan. Some additional expense is to be anticipated from the payment of claims under the guaranty on such loans, but it is believed that such losses would be relatively small. To date, the net cost of claims paid on GI home loans has amounted to only 6½ cents per \$100 of original principal amount, and a considerably more favorable record should be anticipated for World War II veterans who would participate after July 1957, because of their increased stability and maturity and their improved economic status.

Advice has been received from the Bureau of the Budget that there would be no objection to the submission of this report and that in its separate report on S. 302 of April 5, 1955, it has informed your committee that the proposed extension of the program at this time would not be in accord with the program of the President.

Sincerely yours,

H. V. HIGLEY, *Administrator.*

#### AMENDMENTS

The bill reported by the committee contains four amendments to the bill referred to the committee, as follows:

(1) The committee amended the bill by adding a provision in paragraph (1) to extend the veterans' loan guaranty program for 1 year from July 25, 1957, to July 25, 1958.

(2) A provision was added to paragraph 8 of the bill to clarify the nature of the liability to be assumed by a transferee of property purchased from a veteran mortgagor who seeks a release from his contingent liability to the Government.

(3) A provision was added to paragraph 9 of the bill to provide for a 1-year extension of eligibility for loans to refinance delinquent indebtedness under section 507 of the Servicemen's Readjustment Act of 1944. Section 507 is part of the overall loan guaranty program and should be extended along with the other loan guaranty provisions.

(4) The provision of paragraph 10 which relates to the extra time available for the administrative processing of loans following the termination date of the loan guaranty program is amended to adjust the dates in accordance with the committee amendment extending the program for 1 year, and to allow the extra time for all types of loans, rather than just home loans.

#### CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):



[Title III, Public Law 346, 78th Cong., as amended]

## TITLE III—LOANS FOR THE PURCHASE OR CONSTRUCTION OF HOMES, FARMS, AND BUSINESS PROPERTY

### CHAPTER V—GENERAL PROVISIONS FOR LOANS

SEC. 500 (38 U. S. C. 694). (a) Any person who shall have served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to the termination of the present war, or at any time on or after June 27, 1950, and prior to such date as shall be determined by Presidential proclamation or concurrent resolution of the Congress, and who shall have been discharged or released therefrom under conditions other than dishonorable after active service of ninety days or more, or by reason of an injury or disability incurred in service in line of duty, shall be eligible for the benefits of this title. Entitlement derived from service on or after June 27, 1950, shall (1) cancel any unused entitlement derived from service prior to June 27, 1950, and (2) be reduced by the amount entitlement from such prior service shall have been used to obtain a direct, guaranteed, or insured loan (a) on real property which the veteran owns at the time of application or (b) as to which the Administrator shall have incurred actual liability or loss, unless in the event of loss or the incurrence and payment of such liability by the Administrator, the resultant indebtedness of the veteran to the Government shall have been paid in full. The unmarried widow of any person who met the service requirements for benefits under this title and who died, either in service or after separation from service under conditions other than dishonorable, as a result of injury or disease incurred in or aggravated by such service in line of duty (other than any such widow who by reason of her own service is eligible for the benefits of this title), shall also be eligible for the benefits of this title; and the term "veteran" as used in this title shall include any such unmarried widow. Any loan made by such veteran within ~~ten~~ *eleven* years after the termination of the war, and any loan to a veteran eligible by virtue of active service on or after June 27, 1950, if made within ten years after such date as shall be determined by Presidential proclamation or concurrent resolution of the Congress, for any of the purposes, and in compliance with the provisions, specified in this title, is automatically guaranteed by the Government by this title in an amount not exceeding fifty per centum of the loan: *Provided*, That the aggregate amount guaranteed shall not exceed \$2,000 in the case of non-real-estate loans, nor \$4,000 in the case of real-estate loans; or a prorated portion thereof on loans of both types or combination thereof. In computing the aggregate amount of guaranty or insurance entitlement available to a veteran under this title, the Administrator may in his discretion exclude the initial use of the guaranty or insurance entitlement used for any loan with respect to which the security (1) has been taken (by condemnation or otherwise) by the United States, any State, or a local government agency for public use, or (2) has been destroyed by fire or other natural hazard, or (3) has been disposed of because of other compelling reasons devoid of fault on the part of the veteran *and, notwithstanding any other provision of this section to the contrary, any entitlement may be so excluded and*



*restored to the use of any veteran at any time prior to January 31, 1965, for the purpose of obtaining a loan which will be guaranteed or insured in accordance with the provisions of this title: Provided, That any amount paid by the Administrator under section 500 (c) of this part shall be deducted from the amount payable on the succeeding loan under that section. In computing the aggregate amount of guaranty or insurance entitlement available to a veteran under this title, the Administrator shall exclude the amount of guaranty or insurance entitlement previously used for any loan guaranteed or insured under section 501 which has been repaid in full, and with respect to which the real property which served as security for the loan has been disposed of because the veteran, while in the active service, was transferred by the military department with which he was serving.*

(b) Loans guaranteed under this title shall be payable under such terms and conditions as may be agreed upon by the parties thereto, subject to the conditions and limitations of this title and the regulations issued pursuant to section 504: *Provided, That the liability under the guaranty within the limitations of this title shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the obligation: Provided further, That loans guaranteed under this title shall bear interest at a rate not exceeding 4 per centum per annum and shall be payable in full in not more than thirty years, or in the case of loans on farm realty in not more than forty years: And provided further, That (1) the maturity of a non-real-estate loan shall not exceed ten years; (2) any loan for a term in excess of five years shall be amortized in accordance with established procedure; (3) except as provided in section 505 any real-estate loan, other than for repairs, alterations or improvements, shall be secured by a first lien on the realty, and a non-real-estate loan, except as to working or other capital, merchandise, good-will and other intangible assets, shall be secured by personalty to the extent legal and practicable: And provided further, That the Administrator, with the approval of the Secretary of the Treasury, may prescribe by regulation from time to time such rate of interest, not in excess of 4½ per centum per annum, as he may find the loan market demands.*

(c) An honorable discharge shall be deemed a certificate of eligibility to apply for a guaranteed loan. Any veteran who does not have a discharge certificate, or who received a discharge other than honorable, may apply to the Administrator for a certificate of eligibility. [Upon making a loan as provided herein, the lender shall forthwith transmit to the Administrator a statement setting forth the full name and serial number of the veteran, amount and terms of the loan, and the legal description of the property, together with the appraisal report made by the designated appraiser.] *Upon making a loan as provided herein, the lender shall forthwith transmit to the Administrator a report thereof in such detail as the Administrator may, from time to time, prescribe.* Where the loan is automatically guaranteed, the Administrator shall provide the lender with a loan guaranty certificate or other evidence of the guaranty. He shall also endorse on the veteran's discharge, or eligibility certificate, the amount and type of guaranty used, and the amount, if any, remaining. An amount equivalent to 4 per centum on the amount originally guaranteed shall be paid to the lender by the Administrator out of available appropriations, to be credited upon the loan. Nothing herein shall be deemed to preclude

the assignment of any guaranteed loan nor the assignment of the security therefor.

(d) Loans guaranteed hereunder may be made (1) by any Federal land bank, national bank, State bank, private bank, building and loan association, insurance company, credit union, or mortgage and loan company, that is subject to examination and supervision by an agency of the United States or of any State or Territory, including the District of Columbia, or (2) by any State. Any loan at least 20 per centum of which is guaranteed under this title may be made by any national bank, or Federal savings and loan association; or by any bank, trust company, building and loan association or insurance company organized or authorized to do business in the District of Columbia; without regard to the limitations and restrictions of any other statute with respect to—

- (1) ratio of amount of loan to the value of the property;
- (2) maturity of loan;
- (3) requirement for mortgage or other security;
- (4) dignity of lien; or
- (5) percentage of assets which may be invested in real estate loans.

(e) Any loan proposed to be made to an eligible veteran by any lender not of a class specified in subsection (d) may be guaranteed by the Administrator if he finds that it is in accord otherwise with the provisions of this title, as amended.

(f) Notwithstanding the provisions in this title respecting automatically guaranteed loans, the Administrator may at any time upon thirty days' notice require loans to be made by any lender or class of lenders to be submitted for prior approval, and no guaranty or insurance liability shall exist in respect to such loans unless evidence of guaranty or insurance is issued by the Administrator.

(g) *Notwithstanding any other provision of this title, if a loan report or an application for loan guaranty relating to a loan under this title has been received by the Administrator on or before July 25, 1958, such loan may be guaranteed or insured under the provisions of this title on or before July 25, 1959.*

#### PURCHASE OR CONSTRUCTION OF HOMES

SEC. 501 (38 U. S. C. 694). (a) Any loan made to a veteran under this title, the proceeds of which are to be used for purchasing residential property or constructing a dwelling to be occupied as his home or for the purpose of making repairs, alterations, or improvements in property owned by him and occupied as his home, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

(1) That the proceeds of such loan will be used for payment of the property purchased or constructed or improved;

(2) That the contemplated terms of payment required in any mortgage to be given in part payment of the purchase price or the construction cost bear a proper relation to the veteran's present and anticipated income and expenses, and the veteran is a satisfactory credit risk; and that the nature and condition of the property is such as to be suitable for dwelling purposes; and



(3) That the price paid or to be paid by the veteran for such property, or for the cost of construction, repairs, or alterations, does not exceed the reasonable value thereof as determined [by proper appraisal made by an appraiser designated] by the Administrator.

(b) Any loan made to a veteran for the purposes specified in subsection (a) or subsection (c) of this section 501 may, notwithstanding the provisions of subsection (a) of section 500 of this title relating to the percentage or aggregate amount of loan to be guaranteed, be guaranteed, if otherwise made pursuant to the provisions of this title, in an amount not exceeding 60 per centum of the loan: *Provided*, That the aggregate amount of any guaranties to a veteran under this title shall not exceed \$7,500, nor shall any gratuities payable under subsection (c) of section 500 of this title exceed the amount which is payable on loans guaranteed in accordance with the maxima provided for in subsection (a) of section 500 of this title: *And provided further*, That no such loan for the repair, alteration, or improvement of property shall be insured or guaranteed under this Act unless such repair, alteration, or improvement substantially protects or improves the basic livability or utility of the property involved.

(c) Notwithstanding section 502 of this title, but subject to paragraphs (1), (2), and (3) of subsection (a) of this section, any loan made to a veteran under this title may be guaranteed if the proceeds thereof will be used for any of the following purposes:

“(1) To purchase a farm on which there is a farm residence to be occupied by the veteran as his home

“(2) To construct on land owned by the veteran a farm residence to be occupied by him as his home; or

“(3) To repair, alter, or improve a farm residence owned by the veteran and occupied by him as his home.

If there is an indebtedness which is secured by a lien against land owned by the veteran, the proceeds of a loan for the construction of a farm residence on such land may be expended also to liquidate such lien, but only if the reasonable value of the land is equal to or in excess of the amount of the lien.”

#### PURCHASE OF FARMS AND FARM EQUIPMENT

SEC. 502 (38 U. S. C. 694b). (a) Any loan made to a veteran under this title, the proceeds of which are to be used for purchasing any lands, buildings, livestock, equipment, machinery, supplies or implements, or for repairing, altering, constructing or improving any land, equipment, or building, including the farmhouse to be used in farming operations conducted by the veteran involving production in excess of his own needs, or for working capital requirements necessary for such operations, or to purchase stock in a cooperative association where the purchase of such stock is required by Federal statute as an incident to obtaining the loan, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

(1) That the proceeds of such loan will be used for any such purposes in connection with bona fide farming operations conducted by the applicant;

(2) That such property will be useful in and reasonably necessary for efficiently conducting such operations;



(3) That the ability and experience of the veteran, and the nature of the proposed farming operations to be conducted by him, are such that there is a reasonable likelihood that such operations will be successful; and

(4) That the [purchase] price paid or to be paid by the veteran for such property, *or for the cost of construction, repairs, or alterations*, does not exceed the reasonable value thereof as determined [by proper appraisal made by an appraiser designated] by the Administrator.

(b) For the purpose of encouraging the construction and improvement of farm housing the Administrator is authorized to guarantee a loan for the construction or improvement of a farmhouse which loan is secured by a first lien on a portion of the farm suitable in size and location as an independent homesite, and to permit payment out of the proceeds of such loan any sum required to obtain the release of such site from existing indebtedness: *Provided*, That the Administrator may, in his discretion, except any loan for the construction or improvement of a farmhouse from the first lien requirement imposed by subsection 500 (b) of this title.

SEC. 503 (38 U. S. C. 694c). Any loan made to a veteran under this title, the proceeds of which are to be used for the purpose of engaging in business or pursuing a gainful occupation, or for the cost of acquiring for such purpose land, buildings, supplies, equipment, machinery, tools, inventory, stock in trade, or for the cost of the construction, repair, alteration or improvement of any realty or personality used for such purpose, or to provide the funds needed for working capital, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

(1) That the proceeds of such loan will be used for any of the specified purposes in connection with bona fide pursuit of gainful occupation by the veteran;

(2) That such property will be useful in and reasonably necessary for the efficient and successful pursuit of such business or occupation;

(3) That the ability and experience of the veteran, and the conditions under which he proposes to pursue such business or occupation, are such that there is a reasonable likelihood that he will be successful in the pursuit of such business or occupation; and

(4) That the purchase price paid or to be paid by the veteran for such property, or the cost of [such] construction, *repairs, or alterations*, [or improvements,] does not exceed the reasonable value thereof as determined by [proper appraisal made by an appraiser designated by] the Administrator.

SEC. 503A (38 U. S. C. 694c-1). Whoever knowingly makes, effects, or participates in a sale of any property to a veteran for a consideration in excess of the reasonable value of such property as determined by [proper appraisal made by an appraiser designated by] the Administrator, shall, if the veteran pays for such property in whole or in part with the proceeds of a loan guaranteed by the Veterans' Administration under section 501, 502, or 503 of this title, be liable for three times the amount of such excess consideration irrespective of whether such person has received any part thereof.

Actions pursuant to the provisions of this section may be instituted by the veteran concerned, in any United States district court, which court may, as a part of any judgment, award costs and reasonable attorneys' fees to the successful party. In the event the veteran shall fail to institute any action hereunder within thirty days after discovering he has overpaid, or having instituted an action shall fail diligently to prosecute the same, or upon request by the veteran, the Attorney General, in the name of the Government of the United States, may proceed therewith, in which event one-third of any recovery in said action shall be paid over to the veteran and two-thirds thereof shall be paid into the Treasury of the United States.

The remedy provided in this section shall be in addition to any and all other penalties imposed by law.

SEC. 504 (38 U. S. C. 694d). (a) The Administrator is authorized to promulgate such rules and regulations not inconsistent with this title, as amended, as are necessary and appropriate for carrying out the provisions of this title, and may delegate to subordinate employees authority to issue certificates, or other evidence, of guaranty of loans guaranteed under the provisions of this title, and to exercise other administrative functions hereunder.

(b) No loan for the purchase or construction of residential property on which construction is begun subsequent to sixty days from the date of the Veterans' Readjustment Assistance Act of 1952 becomes effective shall be financed through the assistance of the provisions of this title unless the property meets or exceeds minimum requirements for planning, construction, and general acceptability prescribed by the Administrator: *Provided*, That subsection 504 (b) as originally enacted shall continue to be applicable to construction begun prior to the end of such sixty-day period: *Provided further*, That this subsection shall not apply to a loan for the purchase of residential property the construction of which was completed more than one year prior to the making of such loan.

(c) The Administrator shall have the right to refuse to appraise any dwelling or housing project owned, sponsored, or to be constructed by any person identified with housing previously sold to veterans under this title as to which substantial deficiencies have been discovered, or as to which there has been a failure or indicated inability to discharge contractual liabilities to veterans, or as to which it is ascertained that the type of contract of sale or the methods or practices pursued in relation to the marketing of such properties were unfair or unduly prejudicial to veteran purchasers.

(d) *No loan for the purchase or construction of residential property shall be financed through the assistance of the provisions of this title unless the veteran applicant, at the time that he applies for the loan, and also at the time that the loan is closed, certifies, in such form as may be required by the Administrator, that he intends to occupy the property as his home. No loan for the repair, alteration, or improvement of residential property shall be financed through the assistance of the provisions of this title unless the veteran applicant, at the time that he applies to the lender for the loan, and also at the time that the loan is closed, certifies, in such form as may be required by the Administrator, that he occupies the property as his home. For the purpose of this title the requirement that the veteran recipient of a guaranteed or direct home loan must occupy or intend to*



*occupy the property as his home shall be construed to mean that the veteran as of the date of his certification actually lives in the property personally as his residence or actually intends upon completion of the loan and acquisition of the dwelling unit to move into the property personally within a reasonable time and to utilize such property as his residence.*

Section 505 no changes.

SEC. 506 (38 U. S. C. 694g) (a). In the event of default in the payment of any loan guaranteed under this title, the holder of the obligation shall notify the Administrator who shall thereupon pay to such holder the guaranty not in excess of the pro rata portion of the amount originally guaranteed, and shall be subrogated to the rights of the holder of the obligation to the extent of the amount paid on the guaranty: *Provided*, That prior to suit or foreclosure the holder of the obligation shall notify the Administrator of the default, and within thirty days thereafter the Administrator may, at his option, pay the holder of the obligation the unpaid balance of the obligation plus accrued interest and receive an assignment of the loan and security: *Provided further*, That (1) nothing herein shall be construed to preclude any forbearance for the benefit of the veteran as may be agreed upon by the parties to the loan and approved by the Administrator; and (2) the Administrator may establish the date, not later than the date of judgment and decree of foreclosure or sale, upon which accrual of interest or charges shall cease.

(b) *Whenever any veteran disposes of residential property securing a guaranteed, insured, or direct loan obtained by him under this title, the Administrator, upon application made by such veteran and by the transferee incident to such disposal, shall issue to such veteran in connection with such disposal a release relieving him of all further liability to the Administrator on account of such loan (including liability for any loss resulting from any default of the transferee or any subsequent purchaser of such property) if the Administrator has determined, after such investigation as he may deem appropriate, that (1) the loan is current, and (2) the purchaser of such property from such veteran (a) has obligated himself by contract to purchase such property and to assume full liability for the repayment of the balance of the loan remaining unpaid and has assumed by contract all of the obligations of the veteran under the terms of the instruments creating and securing this loan, and (b) qualifies from a credit standpoint, to the same extent as if he were a veteran eligible under section 501 (a), for a guaranteed or insured or direct loan in an amount equal to the unpaid balance of the obligation for which he has assumed liability.*

SEC. 507 (38 U. S. C. 694h). Any loan made to a veteran the proceeds of which are to be used to refinance any indebtedness of the veteran which is secured of record on property to be used or occupied by the veteran as a home or for farming purposes, or indebtedness incurred by him in the pursuit of a gainful occupation which he is pursuing or which he proposes in good faith to pursue, or any delinquent taxes or assessments on such property or business, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

(1) Such loan became in default or the delinquency occurred not later than **[ten]** eleven years after the termination of the



war or, in the case of a veteran eligible by virtue of active service on or after June 27, 1950, not later than ten years after such date as shall be determined by Presidential proclamation or concurrent resolution of the Congress;

(2) Such refinancing will aid the veteran in his economic readjustment; and

(3) The amount of the guaranteed loan does not exceed the reasonable value of the property or business, as determined by [proper appraisal made by an appraiser designated by] the Administrator.









Calendar No. 2526

84TH CONGRESS  
2D SESSION

# H. R. 9260

[Report No. 2489]

---

IN THE SENATE OF THE UNITED STATES

APRIL 24, 1956

Read twice and referred to the Committee on Labor and Public Welfare

JULY 11, 1956

Reported by Mr. LEHMAN, with amendments

[Omit the part struck through and insert the part printed in italic]

---

## AN ACT

To amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That title III of the Servicemen's Readjustment Act of  
4       1944, as amended, is hereby amended as follows:

5       (1) Section 500 (a) is amended (A) *by striking out*  
6       *"ten" the first time it appears in the fourth sentence and*  
7       *inserting in lieu thereof "eleven",* (B) *by deleting the colon*  
8       *immediately preceding the last proviso and inserting in lieu*  
9       *thereof the following: "and, notwithstanding any other pro-*  
10       *vision of this section to the contrary, an entitlement may*  
11       *be so excluded and restored to the use of any veteran at any*

1 time prior to January 31, 1965, for the purpose of obtain-  
2 ing a loan which will be guaranteed or insured in accord-  
3 ance with the provisions of this title:”, and ~~such section 500~~  
4 ~~(a)~~ is further amended (C) by adding at the end thereof  
5 the following: “In computing the aggregate amount of guar-  
6 anty or insurance entitlement available to a veteran under  
7 this title, the Administrator shall exclude the amount of  
8 guaranty or insurance entitlement previously used for any  
9 loan guaranteed or insured under section 501 which has been  
10 repaid in full, and with respect to which the real property  
11 which served as security for the loan has been disposed of  
12 because the veteran, while in the active service, was trans-  
13 ferred by the military department with which he was  
14 serving.”

15 (2) Section 500 (c) is amended by striking the third  
16 sentence and inserting in lieu thereof: “Upon making a loan  
17 as provided herein, the lender shall forthwith transmit to  
18 the Administrator a report thereof in such detail as the  
19 Administrator may, from time to time, prescribe.”

20 (3) Section 501 (a) is amended by striking subsection  
21 (3) and inserting in lieu thereof the following: “(3) That  
22 the price paid or to be paid by the veteran for such property,  
23 or for the cost of construction, repairs, or alterations, does  
24 not exceed the reasonable value thereof as determined by  
25 the Administrator.”

1       (4) Section 502 (a) is amended by striking out sub-  
2 section (4) and inserting in lieu thereof the following:  
3 “(4) That the price paid or to be paid by the veteran  
4 for such property, or for the cost of construction, repairs,  
5 or alterations, does not exceed the reasonable value thereof  
6 as determined by the Administrator.”

7       (5) Section 503 is amended by striking out subsection  
8 (4) and inserting in lieu thereof the following: “(4) That  
9 the price paid or to be paid by the veteran for such property,  
10 or for the cost of construction, repairs, or alterations, does  
11 not exceed the reasonable value thereof as determined by  
12 the Administrator.”

13       (6) Section 503A is amended by striking out the first  
14 paragraph and inserting in lieu thereof the following: “Who-  
15 ever knowingly makes, effects, or participates in a sale of any  
16 property to a veteran for a consideration in excess of the  
17 reasonable value of such property as determined by the  
18 Administrator, shall, if the veteran pays for such property  
19 in whole or in part with the proceeds of a loan guaranteed  
20 by the Veterans’ Administration under section 501, 502,  
21 or 503 of this title, be liable for three times the amount of  
22 such excess consideration irrespective of whether such per-  
23 son has received any part thereof.”

24       (7) Section 504 is amended by adding a new sub-  
25 section (d) to read as follows: “(d) No loan for the pur-



1 chase or construction of residential property shall be financed  
2 through the assistance of the provisions of this title unless  
3 the veteran applicant, at the time that he applies for the  
4 loan, and also at the time that the loan is closed, certifies,  
5 in such form as may be required by the Administrator, that  
6 he intends to occupy the property as his home. No loan  
7 for the repair, alteration, or improvement of residential  
8 property shall be financed through the assistance of the pro-  
9 visions of this title unless the veteran applicant, at the time  
10 that he applies to the lender for the loan, and also at the time  
11 that the loan is closed, certifies, in such form as may be  
12 required by the Administrator, that he occupies the property  
13 as his home. For the purpose of this title the requirement  
14 that the veteran recipient of a guaranteed or direct home  
15 loan must occupy or intend to occupy the property as his  
16 home shall be construed to mean that the veteran as of  
17 the date of his certification actually lives in the property  
18 personally as his residence or actually intends upon comple-  
19 tion of the loan and acquisition of the dwelling unit to move  
20 into the property personally within a reasonable time and  
21 to utilize such property as his residence.”

22 (8) Section 506 is amended by designating the existing  
23 provisions therein as subsection (a) and by adding a new  
24 subsection (b) to read as follows: “(b) Whenever any  
25 veteran disposes of residential property securing a guaran-

1 teed, insured, or direct loan obtained by him under this  
2 title, the Administrator, upon application made by such  
3 veteran and by the transferee incident to such disposal,  
4 shall issue to such veteran in connection with such disposal  
5 a release relieving him of all further liability to the Admin-  
6 istrator on account of such loan (including liability for  
7 any loss resulting from any default of the transferee or any  
8 subsequent purchaser of such property) if the Administrator  
9 has determined, after such investigation as he may deem  
10 appropriate, that (1) the loan is current, and (2) the  
11 purchaser of such property from such veteran (a) has  
12 obligated himself by contract to purchase such property and  
13 to assume full liability for the repayment of the balance of  
14 the loan remaining unpaid, *and has assumed by contract all*  
15 *of the obligations of the veteran under the terms of the in-*  
16 *struments creating and securing the loan,* and (b) qualifies  
17 from a credit standpoint, to the same extent as if he were  
18 a veteran eligible under section 501 (a), for a guaranteed or  
19 insured or direct loan in an amount equal to the unpaid  
20 balance of the obligation for which he has assumed liability."

21 (9) Section 507 is amended (A) *by striking out "ten"*  
22 *the first time it appears in subsection (1) and inserting in*  
23 *lieu thereof "eleven", and (B) by striking out subsection*  
24 (3) and inserting in lieu thereof the following: "(3) The  
25 amount of the guaranteed loan does not exceed the reason-

1 able value of the property or business, as determined by the  
2 Administrator."

3 ~~(10)~~ Section 501 is amended by adding at the end  
4 thereof the following:

5 "(d) Notwithstanding any other provision of this title,  
6 where a contract for the purchase of residential property  
7 has been entered into before July 25, 1957, and on that  
8 date approval of a loan for the purchase of such property is  
9 being processed by the Administrator, then such loan may  
10 be guaranteed pursuant to the provisions of this title if such  
11 approval is granted and the loan is closed on or before  
12 July 25, 1958."

13 (10) Section 500 is amended by adding at the end  
14 thereof the following:

15 "(g) Notwithstanding any other provision of this title,  
16 if a loan report or an application for loan guaranty relat-  
17 ing to a loan under this title has been received by the Admin-  
18 istrator on or before July 25, 1958, such loan may be guar-  
19 anteed or insured under the provisions of this title on or  
20 before July 25, 1959."

Passed the House of Representatives April 23, 1956.

Attest:

RALPH R. ROBERTS,

Clerk.





---

AN ACT

---

To amend title III of the Servicemen's Re-  
adjustment Act of 1944, as amended, and for  
other purposes.

APRIL 24, 1956

Read twice and referred to the Committee on Labor  
and Public Welfare

JULY 11, 1956

Reported with amendments

S. 3133, with amendment, to provide for the conveyance of certain real property of the U. S. to Boise, Ida. (S. Rept. 2512).

10. RESEARCH. The Banking and Currency Committee reported with amendment S. 3832, to provide for the disposal of the Government-owned synthetic rubber research laboratories at Akron, Ohio (S. Rept. 2486). p. 11090
11. FOREIGN TRADE. The Banking and Currency Committee reported with amendment S. 3868, to extend the life of the Export-Import Bank of Washington from June 30, 1958 to June 30, 1963 (S. Rept. 2487). p. 11090
12. MINERALS; MINING. The Interior and Insular Affairs Committee reported without amendment H. R. 6501, to permit the disposal of certain reserve mineral deposits under U. S. mining laws (S. Rept. 2524). p. 11091
13. ELECTRIFICATION. The Joint Committee on Atomic Energy reported with amendment S. 2643, to encourage maximum development of low-cost electric energy from all sources, including atomic energy, coal, oil, natural gas, and water (S. Rept. 2529). p. 11091  
Sen Goldwater inserted several newspaper editorials commenting on the proposed construction of Hells Canyon dam. p. 11140  
Sen. Lehman criticized opposition to the proposed public hydroelectric development at Niagara Falls, N. Y. p. 11159
14. RESEARCH; APPROPRIATIONS. Received from the President a supplemental appropriation estimate for the fiscal year 1957, in the amount of \$150,000, for the Commission on Increased Industrial Use of Agricultural Products (S. Doc. 136); to Appropriations Committee. p. 11086
15. POTATOES. Sen. Humphrey inserted a Potato Growers Assoc. resolution opposing futures trading in potatoes. p. 11089
16. SURPLUS FOOD. Sen. Humphrey inserted a Lutheran Church resolution favoring the distribution of surplus food to the needy. p. 11089
17. VETERANS' BENEFITS. The Labor and Public Welfare Committee reported with amendments H. R. 9260, to amend title III of the Servicemen's Readjustment Act of 1944 (S. Rept. 2489). p. 11090
18. MINING CLAIMS. The Interior and Insular Affairs Committee reported with amendment S. 3941, relating to certain mining claims which were not validated solely because of the failure of the owners to take certain action to protect their claims within the prescribed period (S. Rept. 2522). p. 11091
19. FORESTRY. Sen. Neuberger inserted a newspaper editorial favoring the establishment of a comprehensive program to promote and advance recreation in all the national forests. p. 11098  
Sen. Humphrey spoke in favor of a National Wilderness Preservation System, and inserted several articles on the matter. p. 11154  
Passed as reported H. R. 8817, to provide for the conveyance of certain property of the U. S. to the city of Corbin, Ky. p. 11176
20. FOREIGN AFFAIRS. By a vote of 88 to 0, agreed to a resolution of ratification on a treaty of amity, economic relations, and consular rights with Iran; and treaties of friendship, commerce, and navigation with Nicaragua and the Netherlands. p. 11116



Passed with amendment S. Res. 285, providing for a study of the foreign aid program of the U. S. p. 11159

Passed as reported S. 147, to require that international agreements, other than treaties, hereafter entered into by the U. S., be transmitted to the Senate within 60 days after the execution thereof. p. 11163

21. ACCOUNTING. Conferees were appointed on H. R. 9593, to simplify accounting and facilitate the payment of obligations (House conferees were appointed June 29). p. 11136
22. EMPLOYEE SECURITY. Sen. Humphrey inserted several newspaper articles and a summary of the report by the N. Y. Bar Assoc. on the Federal Loyalty-Security Program. p. 11147
23. HOUSING. Sen. Lehman inserted a newspaper editorial discussing the Congressional deadlock on housing legislation. p. 11158
24. PERSONNEL. The Post Office and Civil Service Committee ordered reported the following bills: p. D776
  - H. R. 10368, without amendment, to amend the Civil Service Act to require inclusion of certain information in executive communications to Congress proposing creation or expansion of functions;
  - S. 3500, without amendment, to reduce postage rates on parcels containing only food, clothing, or medicines sent abroad by mail for relief purposes;
  - S. 3465, without amendment, relating to effective dates of increases in compensation granted to wage board employees;
  - S. 3725, with amendment, to provide for increases in the annuities of annuitants under the Civil Service Retirement Act of May 29, 1930;
  - S. 3593, with amendment, relating to recognition of organizations of postal and Federal employees.
25. LEGISLATIVE PROGRAM. Sen. Johnson announced that the Senate would convene at 10:30 a.m. from now until the end of the session. p. 11086
26. APPROPRIATIONS. Received from the President supplemental appropriation estimate for fiscal year 1957 (S. Doc. 136). This document includes the following items for this Department: Animal Disease Laboratory Facilities, \$18,915,000, to remain available until expended, to provide for establishment of such facilities; and Acquisition of lands for Superior National Forest, Minnesota, \$500,000, to remain available until expended; to Appropriations Committee. p. 11086

#### ITEMS IN APPENDIX

27. LANDS. Extension of remarks by Rep. Young criticizing certain land agents acting in the disposal of public lands in Nev. p. A5444
28. GOVERNMENT SECURITY. Rep. Sheehan inserted a newspaper editorial urging support of legislation to reverse the Supreme Court's decision in the dismissal of Federal employees from nonsensitive positions. p. A5446
  - Rep. Multer inserted a newspaper editorial favoring a study and possible revision of the Government's loyalty-security program in view of the Supreme Court's decision on summary dismissals. p. A5464
29. FARM PROGRAM. Sen. Wiley inserted the text of his speech in Footville, Wis. urging an All-American program of justice for the farmer and other segments of the nation's economy. p. A5455







July 21, 1956

administration for not effectuating similar provisions in the current law.  
p. A5739

BILLS APPROVED BY THE PRESIDENT

33. WATERSHEDS. H. R. 11873, to reduce from 45 days to 15 days the review period for projects under the Watershed Protection and Flood Prevention Act. Approved July 19, 1956 (Public Law 734, 84th Cong.).
34. FORESTRY. H. R. 8817, providing for conveyance of a Forest Service tract to Corbin, Ky. Approved July 20, 1956 (Public Law 742, 84th Cong.).  
H. R. 9339, authorizing exchange of certain U. S. lands in Union County, Ga., for lands in Chattahoochee National Forest. Approved July 20, 1956 (Public Law 747, 84th Cong.).
35. PERSONNEL. H. R. 9500, extending for 1 year the Missing Persons Act. Approved July 20, 1956 (Public Law 749, 84th Cong.).
36. SCHOOL MILK. H. R. 11375, to authorize extension of the special school milk program to certain non-profit child-care institutions, whether or not they benefit underprivileged children. Approved July 20, 1956 (Public Law 752, 84th Cong.).

SENATE - July 21

37. EMPLOYEE SECURITY. The Post Office and Civil Service Committee submitted its report on the investigation into the administration of the Federal employees' security program (S. Rept. 2750). p. 12570
38. RECLAMATION. Sen. Bennett spoke on the record of the Administration in the field of reclamation, and inserted an announcement of the Interior Department on new starts to be undertaken with reclamation appropriations. p. 12573
39. NATURAL RESOURCES; FORESTRY. Sen. Neuberger inserted a magazine article on the importance of conserving our natural resources. p. 12578
40. SMALL BUSINESS. Sen. Wiley inserted several articles and spoke on the need of legislation to aid small business. p. 12578
41. FOREST PRICE REPORTING. Made as its unfinished business S. 4059, providing for price reporting and research with respect to forest products. p. 12600
42. VETERANS' BENEFITS. Passed as reported H. R. 9260, to amend title III of the Servicemens Readjustment Act of 1944, so as to extend the termination date of the loan guaranty program for 1 year, until July 25, 1958. p. 12593
43. SOCIAL SECURITY. Sen. Capehart inserted his statement on the need for extending the social security coverage for farmers. p. 12595
44. APPROPRIATIONS. The "Daily Digest" states that the appropriations Committee "concluded executive consideration of H. R. 12350, second supplemental appropriations for fiscal 1957". p. D854
45. FOOD AND DRUG. The Labor and Public Welfare Committee ordered reported (but did not actually report) without amendment H. R. 9547, amending the Federal Food, Drug, and Cosmetic Act to simplify procedures governing the prescribing of regulations under such act. p. D854

46. EDUCATION. The Labor and Public Welfare Committee ordered reported (but did not actually report) with amendment H. R. 11695, to extend to June 30, 1958, the programs of financial assistance in the construction and operation of schools in areas affected by Federal activities. p. D854
47. MUTUAL SECURITY APPROPRIATIONS. Continued debate on H. R. 12130, making appropriations for mutual security for the fiscal year 1957. Agreed to unanimous consent agreement to agree to the residue of committee amendments en bloc, except those relating to defense support and development assistance, and the committee amendment eliminating special authorization for Middle East and Africa; and that no further amendments to the bill will be received after adopting this agreement. Consideration of the measure is to be resumed on Tues., July 24. p. 12582
48. LEGISLATIVE PROGRAM. Sen. Johnson announced that the following measures have been cleared for consideration: p. 12573  
S. 4183, authorizing payments-in-lieu of taxes to the States.  
S. 4059, providing for forest products price reporting and research.  
S. 863, water rights settlement bill.  
S. 3725, increasing annuities to retirees.  
S. 1636, the humane slaughter bill.  
S. 4221, the International Wheat Agreement bill.  
S. 3831, to establish a fish hatchery in W. Va.  
H. R. 10946, to dispose of certain surplus personal property to Alaska.  
H. R. 4096, to dispose of certain public lands in Alaska.  
H. R. 7887, authorizing the Commissioner of Public Lands to sell public lands under certain conditions.  
H. R. 11522, extending Federal Seed Act to Guam.  
He also announced that the calendar will be called on Mon., July 23. p. 12575
49. COMMITTEE REPORTS. Committees were authorized to file reports during recess until midnight Sat., July 21. p. 12592
50. RECESSED until Mon., July 23. p. 12600
51. SOCIAL SECURITY. The conferees agreed to various provisions in H. R. 7225, the social security bill, including: "...in the case of farm operators and share farmers who have gross incomes of \$1,800 or less, two-thirds of such income will be considered for social-security purposes; where gross income is over \$1,800, they report either actual net earnings or, if net earnings are less than \$1,200, they may report \$1,200;...farm workers would be covered if they receive \$150 per year from one employer, or if they work 20 days or more for cash wages for one employer." p. D857

HOUSE - July 21

52. APPROPRIATIONS. Received the conference report on H. R. 12138, the supplemental appropriation bill for 1957. The conference report includes the following provisions: Deletes the authorization of \$200,261 for control of the Khapra beetle; appropriates \$2,500,000 for eradication of the Mediterranean fruitfly; provides \$385,000 (instead of \$375,000 as contained in the House version) for the Budget Bureau to assist in effectuating Hoover Commission recommendations on budgeting, accounting, and management; appropriates \$632,500 (instead of \$600,000 as contained in the House version) for the Commission on Government Security; and reported in disagreement the Senate amendments for an animal disease laboratory facility, Superior National Forest land acquisition, and Mount Baker National Forest ski shelter (H. Rept. 2864). p. 12630 (Action



(d) Commission members appointed from the Congress and the executive branch shall serve without additional compensation. Commission members appointed from private life shall receive \$50 per diem when engaged in the performance of Commission duties. All Commission members shall receive reimbursement for necessary traveling and subsistence expenses incurred by them in the performance of Commission duties.

(e) Within the limits of its appropriations, the Commission is authorized to appoint such personnel, without regard to the civil-service laws and the Classification Act of 1923, as amended, and to make such expenditures as, in its discretion, it deems necessary.

(f) The Commission is authorized to request and secure the advice or assistance of any Federal agency. Any Federal agency furnishing advice or assistance to the Commission may expend its own funds for this purpose, with or without reimbursement from the Commission, as may be agreed upon between the Commission and the agency.

(g) Thirty days after the submission of its final report the Commission shall cease to exist.

SEC. 3. Appropriations to the President for "Expenses of management improvement" shall be available for necessary expenses of the Commission, and there are hereby authorized to be appropriated such additional sums as may be necessary for such expenses.

#### MANAGEMENT OF RED LAKE INDIAN FOREST AND SAWMILL

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2625, S. 3787.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 3787) relating to the management of the Red Lake Indian Forest and Sawmill.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Interior and Insular Affairs with an amendment, on page 2, line 14, after the word "employ", to insert "with the consent of the tribal council," so as to make the bill read:

*Be it enacted, etc.,* That the 17th paragraph of section 9 of the act of May 18, 1916 (39 Stat. 123, 137), is hereby amended to read as follows:

"The Red Lake Indian Forest shall be administered by the Secretary of the Interior in accordance with principles of scientific forestry that will encourage the production of successive timber crops for the benefit of the Indians of the Red Lake Band, and he is hereby authorized (a) to harvest, sell, and manufacture such marketable timber from any tribal lands within the Red Lake Indian Reservation as he may deem to be advisable and, if the timber is the growth of Red Lake Indian Forest, in keeping with the foregoing principles, (b) to establish nurseries and otherwise provide for the reforestation of said lands, (c) to construct and operate sawmills and other facilities for the manufacture into marketable products of the timber harvested from said lands, (d) to purchase, harvest, and manufacture such additional timber standing on or severed from any other lands, including lands outside the reservation, as in his opinion may contribute to the profitable operation of such sawmills and other facilities as a tribal

enterprise, subject to such limitations on expenditures as may be prescribed in annual appropriations acts, and (e) to employ, with the consent of the tribal council, such persons and use such means as he may find necessary to carry out the purposes of the foregoing provisions. Any proceeds derived from sales of timber or timber products under this paragraph may be expended in payment of the expenses of any of the activities authorized by this paragraph, including construction expenses."

SEC. 2. The fourth paragraph of section 8 of the act of June 30, 1919 (41 Stat. 3, 14) is hereby amended by striking out the proviso.

Mr. JOHNSON of Texas. Mr. President, the purpose of S. 3787 is to amend the act of May 18, 1916 (39 Stat. 123, 137), to authorize the Red Lake Indian Forest to be administered in a manner that will give full effect to the principles of scientific forestry by permitting the sale and manufacture of such merchantable timber as may be deemed advisable in order to encourage the production of successive timber crops.

The restrictions in the 1916 act on the type of timber that may be harvested are in conflict with present-day principles of scientific forestry. Many of the trees in the forest are partially defective, suppressed, subject to windthrow, or for other reasons are not desirable as components of the reserve stand. A large amount of merchantable timber in the forest has not reached maturity, but it should be removed in order to comply with good silvicultural practices.

While the 1916 act authorizes the construction and operation of sawmills to manufacture lumber from the timber on the Red Lake Indian Forest, there is no authority to purchase timber from other sources. There are only about 20 million board-feet of timber on the reservation available for harvesting. At the present cutting rate of 5 million board-feet of sawlogs annually, it will be necessary to shut down the tribal sawmill within a few years unless an augmented supply of non-Indian timber is made available. Therefore, S. 3787 authorizes the purchase of additional timber from off-reservation sources to contribute to the profitable operation of the sawmill as a tribal enterprise.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill (S. 3787) was ordered to be engrossed for a third reading, read the third time, and passed.

#### AMENDMENT OF TITLE III OF THE SERVICEMEN'S READJUSTMENT ACT OF 1944

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2526, H. R. 9260.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 9260) to amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes.

The PRESIDING OFFICER. Is there objection to the unanimous consent request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Labor and Public Welfare with amendments on page 1, line 5, after the word "amended", to insert "(A) by striking out '10' the first time it appears in the fourth sentence and inserting in lieu thereof '11', (B)"; on page 2, line 3, after the word "and", to strike out "such section 500 (a) is further amended" and insert "(C)"; on page 5, line 14, after the word "unpaid", to insert "and has assumed by contract all of the obligations of the veteran under the terms of the instruments creating and securing the loan"; in line 21, after the word "amended", to insert "(A) by striking out '10' the first time it appears in subsection (1) and inserting in lieu thereof '11', and (B)"; and on page 6, after line 2, to strike out:

(10) Section 501 is amended by adding at the end thereof the following:

"(d) Notwithstanding any other provision of this title, where a contract for the purchase of residential property has been entered into before July 25, 1957, and on that date approval of a loan for the purchase of such property is being processed by the Administrator, then such loan may be guaranteed pursuant to the provisions of this title if such approval is granted and the loan is closed on or before July 25, 1958."

And, in lieu thereof, to insert:

(10) Section 500 is amended by adding at the end thereof the following:

"(g) Notwithstanding any other provision of this title, if a loan report or an application for loan guaranty relating to a loan under this title has been received by the Administrator on or before July 25, 1958, such loan may be guaranteed or insured under the provisions of this title on or before July 25, 1959."

Mr. JOHNSON of Texas. Mr. President, the distinguished junior Senator from New York reported the bill from the Committee on Labor and Public Welfare. I wonder if he would be so kind as to make an explanation of the bill for the information of the Senate.

Mr. LEHMAN. I am happy to do so.

Mr. President, the bill, with committee amendments, amends title III of the Servicemen's Readjustment Act of 1944.

The termination date of the loan guaranty program for World War II veterans would be extended for 1 year, from July 25, 1957, to July 25, 1958. In addition, the bill provides that notwithstanding the termination date of July 25, 1958, any loan which is being processed by the Administrator on that date may be guaranteed if on or before July 25, 1959, approval is granted and the loan is closed.

The bill would amend existing law to permit the restoration of entitlement, at any time prior to January 31, 1965, where the property subject to the initial use of entitlement was taken by a governmental agency for public use, destroyed by natural hazard, or otherwise disposed of for compelling reasons without fault on the part of the veteran.

The bill would amend existing law to permit the restoration of entitlement



used for a home loan by a veteran who is in the military service and who disposes of his home because of a transfer on military orders. Under present law, the home loan entitlement cannot be used more than once.

The bill would add a new subsection to existing law to require that a veteran applicant for a loan to purchase, construct, or repair, alter, or improve a home, certify, both at the time he applies for the loan and at the time a loan is closed, that he occupies or intends to occupy the property as his home. At the present time, the veteran must so certify only at the time he applies for the loan.

The bill would add a new provision to existing law to permit a veteran obligor on a current loan to be released from liability to the Administrator on account of such loan when he disposes of residential property securing the loan obligation to a transferee who qualifies from a credit standpoint and has assumed full liability for the repayment of the unpaid balance of such loan.

Appropriate sections of title III would be amended to clarify the Administrator's responsibility with respect to appraisals.

The most important provision of this bill is the extension of the GI loan guaranty program for 1 year.

The present loan guaranty program for World War II veterans is due to expire on July 25, 1957.

The Veterans' Administration has underwritten more than 4,700,000 loans made to veterans by private lending institutions. More than 4,400,000 were made for the purchase or construction of homes, 225,000 were business loans, and another 70,000 were made in connection with farming activity. The dollar volume of closed loans is nearly \$36 billion with a VA guaranty of about \$19½ billion. More than 1 million of these loans have been paid in full, and it is estimated that the outstanding loan balances total about \$26 billion, on which the Government's contingent liability amounts to approximately \$14 billion.

The repayment record which our veterans have maintained is excellent. The VA has been called upon to pay a total of 41,600 claims, which represents less than 1 percent of all loans closed. In the case of home loans, the VA has been called upon to pay claims on about one-half of 1 percent of the cases. This fine record is a tribute not only to the individual veterans, but demonstrates the care with which the loans were made by the private lending institutions and the diligent manner in which they were serviced.

More than 11 million veterans have not yet participated in this program. Yet there can be no doubt that many of them need homes and, if given more time to improve their financial resources, would take advantage of the relatively favorable terms under the GI program to purchase homes. It is worth noting that because financing on GI terms has been more difficult to obtain in small towns and rural areas than in metropolitan areas, a smaller proportion of veterans in the outlying areas have had an opportunity to take advantage of

their privileges under the Servicemen's Readjustment Act to purchase homes.

The program has played an increasingly important role in the total housing picture. Last year, homes financed with VA-guaranteed mortgages constituted 30 percent of total housing starts. An abrupt cutoff of this program at this time would undoubtedly result in a reduction in home building at a time when housing activity has already declined considerably.

Such a severe and sudden shock to the Nation's home-building activity must be avoided. The committee therefore recommends that the veterans' loan guaranty program be extended for at least 1 year beyond the present expiration date, and that the VA should be authorized to guarantee loans during the year following the termination date, if the veteran's application was received on or before that date.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 9260) was read the third time, and passed.

#### EXECUTION OF CONTRACT WITH THE TULE LAKE IRRIGATION DISTRICT, CALIFORNIA

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2622, H. R. 12034.

The PRESIDING OFFICER (Mr. Scott in the chair). The bill will be stated by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 12034) to authorize the Secretary of the Interior to execute a contract with the Tule Lake Irrigation District, California, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. BIBLE. Mr. President, H. R. 12034, introduced in the House by Representative ENGLE, of California, authorizes the Secretary of the Interior to execute a repayment contract with the Tule Lake Irrigation District of the Klamath project in northern California. This legislation is the result of many years of negotiations between the Bureau of Reclamation and the settlers on the Tule Lake division of the Klamath reclamation project.

The contract authorized provides for full repayment of the Federal cost of constructing the irrigation works to serve the Tule Lake district. The payments will be made from construction charges and from net revenues received from the lease of Federal lands in the project area now credited to the district, as well as from miscellaneous credits. No writeoffs of construction charges are authorized and in effect the legislation will have the effect of providing increased returns to the Federal Treasury.

The Interior Department approves the bill.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H. R. 12034) was ordered to a third reading, read the third time, and passed.

#### ABOLITION OF VERENDRYE NATIONAL MONUMENT, N. DAK.—CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, I understand the distinguished Senator from Nevada [Mr. BIBLE] desires to call up a conference report, on which there will be some discussion.

Mr. BIBLE. Mr. President, I am very happy to do so.

I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1774) to abolish the Verendrye National Monument, and to provide for its continued public use by the State of North Dakota for a State historic site, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1774) to abolish the Verendrye National Monument, and to provide for its continued public use by the State of North Dakota for a State historic site, and for other purposes having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows: That the Senate recede from its amendments numbered 1, 3, 4, and 5.

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same.

ALAN BIBLE,  
WILLIAM R. LAIRD III,  
W. KERR SCOTT,  
GEORGE W. MALONE,  
FRANK A. BARRETT,

*Managers on the Part of the Senate.*

WAYNE N. ASPINALL,  
GRACIE FOST,  
STEWART L. UDALL,  
E. Y. BERRY,  
CRAIG HOSMER,

*Managers on the Part of the House.*

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. BIBLE. Mr. President—

Mr. MORSE. Mr. President, does the chairman of the conferees wish to make a statement first?

Mr. BIBLE. I wish to make a brief statement concerning the conference report. The report comes from the Committees on Interior and Insular Affairs of the Senate and the House of Representatives. The conference report is unanimous. It deals with the disposition of the Verendrye National Monu-







July 23, 1956

licensing requirements on Federal lands not subject to such laws. p. 12783

Passed without amendment S. 3458, to grant leaves of absence to homestead entrymen and to permit suspension of cultivation and improvement operations on homestead and desert land entries. This bill is now ready for the President. p. 12784

32. WATER SUPPLY. At the request of Rep. Ford, passed over S. 2374, to authorize the Secretary of the Army to enter into contracts to furnish water for municipal water supplies from flood control and river and harbor projects. p. 12774

33. FLOOD CONTROL. Passed, under suspension of the rules, H. R. 12080, to authorize the construction, repair, and preservation of certain public works on rivers and harbors for navigation, and Army flood control projects. p. 12812

34. WATERSHEDS. The conferees agreed to file a report (but did not actually file a report) on H. R. 8750, to amend the Watershed Protection and Flood Prevention Act. p. 12869

35. MINING. The Interior and Insular Affairs Committee ordered reported (but did not actually report) S. 3941, relating to certain mining claims which were eligible for validation under the Act of August 12, 1953, but which were not validated solely because of the failure of the owners to take certain action to protect their claims within the prescribed period. p. 12868

36. GRAIN STANDARDS. Passed without amendment S. 1400, to protect the integrity of grade certificates under the U. S. Grain Standards Act by providing penalties for persons who knowingly sample grain improperly and for persons who knowingly load or otherwise handle grain deceptively for inspection under the Act. This bill is now ready for the President. p. 12785

37. CROP INSURANCE. At the request of Rep. Byrnes, passed over H. R. 5275, to authorize FCIC to provide reinsurance on any crop or plantation insurance provided in Puerto Rico by a duly-authorized agency of the Commonwealth of Puerto Rico. p. 12794

38. SOIL BANK. Reps. Mason and Anderson objected to the consideration of H. R. 11958, to amend the acreage reserve provisions of the Soil Bank Act to permit inclusion of certain drought damaged acreage up to 30 days prior to harvest. p. 12794

39. GREAT PLAINS. Passed without amendment H. R. 11833, to amend the Soil Conservation and Domestic Allotment Act and the Agricultural Adjustment Act of 1938 to provide for a Great Plains conservation program. Prior to this action, at the request of Rep. Aspinall, the House had passed over the bill during the call of the Consent Calendar. pp. 12805, 12872

40. CONSTRUCTION CONTRACTS. Rejected S. 1644, to prescribe policy and procedure in connection with construction contracts made by executive agencies. Although 245 voted in favor of the bill and 145 against, a two-thirds majority was required since the bill was considered on a motion to suspend the rules. p. 12839

41. FARM LABOR. Passed as reported S. 3391, to provide reasonable requirements regarding comfort, safety, etc., of the interstate transportation of migrant farm workers. p. 12853

42. TRADE FAIRS. Passed as reported S. 3116, to provide for the promotion and strengthening of international relations through cultural and athletic exchanges

and participation in international fairs and festivals. p. 12861

43. WOOL IMPORTS. Rejected H. R. 12227, to amend certain provisions of the Tariff Act of 1930 relative to import duties on wool. Although 216 voted for the bill and 123 against, a two-thirds majority was required since the bill was considered under suspension of the rules. p. 12874
44. TOBACCO. The Ways and Means Committee ordered reported (but did not actually report) H. R. 12114, to provide for the refund or credit of internal revenue taxes paid or payable with respect to alcohol and tobacco products destroyed or rendered unmarketable as a consequence of a major disaster. p. 12869
45. ATOMIC ENERGY. At the request of Rep. Cunningham, passed over H. R. 9743, to encourage maximum development of atomic energy reactors for the generation of low cost electric power and the production, utilization, and treatment of special nuclear and other materials. p. 12775
46. RECORDS. At the request of Rep. Cunningham, passed over S. 2364, to further clarify GSA's jurisdiction over records' disposition. p. 12773
47. VETERANS' BENEFITS; FARM LOANS. Agreed to the Senate amendments to H. R. 9260, to extend the provisions of title III of the Servicemen's Readjustment Act of 1944 for 1 year until July 25, 1958. This bill is now ready for the President. p. 12880
48. SOCIAL SECURITY. Rep. Philbin supported the proposed changes to the Social Security Act providing clarifications and extensions of benefits under the Act. p. 12885
49. PERSONNEL. At the request of Rep. Cunningham, passed over H. R. 11515, to provide for the payment of travel and transportation cost for persons selected for appointment to certain positions in the U. S. and Alaska. p. 12785  
Passed as reported S. 3481, to increase the salaries and provide other benefits for employees in the Foreign Service. p. 12854
50. LEGISLATIVE PROGRAM. Rep. McCormack announced that the Consent Calendar would be called on Thurs. and that the cranberries marketing bill would be considered later in the week. pp. 12807, 12880
51. SECOND SUPPLEMENTAL APPROPRIATION BILL, 1957. As reported (see Digest 124), this bill, H. R. 12350, includes the following items: Atomic Energy Commission, various amounts, including funds for the power reactor development program; South-eastern Power Administration, \$500,000; and Bureau of Reclamation, \$2,500,000.
- Electrification. The committee report includes the following discussion under the atomic energy items:
- "Funds for the reactor program have been increased by \$40,000,000. This \$40,000,000 and the \$10,000,000 in the budget estimate... together with the \$15,000,000 in the budget estimate... will make a total of \$65,000,000 available for acceleration of the power reactor program."
- "The Committee has been deeply disturbed for a considerable period of time over the lack of progress in developing atomic electric power..."
- "Much has been said and written on the subject of the plentiful resources of the United States. However, there has not been adequate recognition given to the conclusive fact that these resources are not inexhaustible and that they must be conserved. The need for conservation of these natural resources is the



Mr. QUIGLEY. Mr. Speaker, I am in favor of H. R. 12227 and would like to associate myself with the remarks of the gentleman from Louisiana [Mr. Boggs] and the gentleman from Virginia [Mr. HARRISON], the sponsor of the bill. I believe in the short time allotted to them they have very well expressed the overwhelming arguments in favor of this measure. In essence these arguments are this: That H. R. 12227 would give to an important domestic industry in this country a helping hand without at the same time in any way penalizing the wool growers of our Nation, whom we all recognize as a vital part of our agricultural economy.

In the face of the tremendous and often unfair foreign competition that has long since plagued the carpet industry in this country, I believe that it is important that this Congress pass the measure now before it. For this and many other reasons that I cannot now take the time to detail to the Members, I urge you to suspend the rules and adopt H. R. 12227.

The SPEAKER. The question is, Will the House suspend the rules and pass the bill H. R. 12227 as amended?

The question was taken; and the Chair being in doubt, the House divided, and there were—ayes 114, noes 80.

Mr. HARRISON of Virginia. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 216, nays 123, answered "present" 1, not voting 92, as follows:

[Roll No. 113]

YEAS—216

|                |               |                |
|----------------|---------------|----------------|
| Abbott         | Curtis, Mass. | Holtzman       |
| Abernethy      | Dague         | Hosmer         |
| Addonizio      | Davis, Tenn.  | Huddleston     |
| Albert         | Dawson, Ill.  | Hull           |
| Alexander      | Deane         | Hyde           |
| Allen, Ill.    | Delaney       | Jenkins        |
| Andresen,      | Denton        | Jennings       |
| August H.      | Derounian     | Johnson, Wis.  |
| Andrews        | Devereux      | Jones, Mo.     |
| Anfuso         | Diggs         | Jones, N. C.   |
| Arends         | Dingell       | Karsten        |
| Ashley         | Dodd          | Kearney        |
| Ashmore        | Dondero       | Kearns         |
| Auchincloss    | Donohue       | Keating        |
| Bass, N. H.    | Donovan       | Keogh          |
| Bates          | Dorn, N. Y.   | King, Calif.   |
| Baumhart       | Durham        | Knox           |
| Becker         | Elliott       | Laird          |
| Bennett, Fla.  | Evins         | Landrum        |
| Bennett, Mich. | Fasell        | Lanham         |
| Blatnik        | Feighan       | Lankford       |
| Blitch         | Fino          | Lesinski       |
| Boggs          | Flood         | McCarthy       |
| Bolling        | Fogarty       | McCormack      |
| Bolton,        | Forand        | McCulloch      |
| Frances P.     | Ford          | McGregor       |
| Bolton,        | Forrester     | McMillan       |
| Oliver P.      | Fountain      | Macdonald      |
| Bonner         | Frazier       | Mack, Ill.     |
| Bow            | Frelinghuysen | Madden         |
| Boyle          | Friedel       | Martin         |
| Brown, Ga.     | Fulton        | Matthews       |
| Brown, Ohio    | Gary          | Morrow         |
| Broyhill       | Gathings      | Miller, Calif. |
| Burnside       | Gavin         | Miller, Md.    |
| Bush           | Grant         | Mills          |
| Byrne, Pa.     | Green, Oreg.  | Minshall       |
| Byrnes, Wis.   | Green, Pa.    | Mollohan       |
| Canfield       | Griffiths     | Morano         |
| Carlyle        | Gwyn          | Morgan         |
| Carrigg        | Haleck        | Multer         |
| Chudoff        | Hard          | Mumma          |
| Church         | Hardy         | Murray, Ill.   |
| Clark          | Harris        | Natcher        |
| Colmer         | Harrison, Va. | Nicholson      |
| Cooley         | Hays, Ark.    | Norrell        |
| Cooper         | Hays, Ohio    | O'Brien, Ill.  |
| Corbett        | Herlong       | O'Hara, Ill.   |
| Coudert        | Hess          | O'Neill        |
| Cretella       | Holifield     |                |

Ostertag  
Passman  
Patterson  
Pelly  
Perkins  
Philbin  
Poff  
Polk  
Price  
Prouty  
Quigley  
Rabaut  
Ray  
Reed, N. Y.  
Reuss  
Rhodes, Pa.  
Richards  
Riehlman  
Roberts  
Robeson, Va.  
Rodino  
Rogers, Fla.  
Rogers, Mass.  
Rogers, Tex.

Rooney  
Roosevelt  
Sadlak  
St. George  
Schenck  
Schwengel  
Scott  
Seely-Brown  
Selden  
Sheehan  
Sheppard  
Shuford  
Sieminski  
Sikes  
Simpson, Pa.  
Smith, Miss.  
Smith, Va.  
Springer  
Steggers  
Steed  
Sullivan  
Taber  
Talle  
Taylor

Thomas  
Thompson,  
Mich.  
Thompson, N. J.  
Trimble  
Tuck  
Tumulty  
Vanik  
Vorys  
Wainwright  
Widnall  
Wier  
Wigglesworth  
Williams, Miss.  
Williams, N. J.  
Williams, N. Y.  
Wilson, Ind.  
Winstead  
Wolverton  
Yates  
Zablocki  
Zelenko

NAYS—123

Adair  
Alger  
Allen, Calif.  
Andersen,  
H. Carl  
Aspinall  
Avery  
Agres  
Baldwin  
Beamer  
Belcher  
Bentley  
Berry  
Betts  
Bosch  
Bray  
Brownson  
Budge  
Cannon  
Cederberg  
Chelf  
Chenoweth  
Coon  
Cramer  
Cunningham  
Curtis, Mo.  
Davis, Ga.  
Dawson, Utah  
Dempsey  
Dies  
Dixon  
Dorn, S. C.  
Ellsworth  
Engle  
Fenton  
Fisher  
Fjare  
Flynt  
George  
Gray  
Gross  
Gubser

Hagen  
Hale  
Haley  
Harden  
Harrison, Nebr.  
Harvey  
Hayworth  
Henderson  
Hiestand  
Hill  
Hinshaw  
Hoeven  
Holmes  
Holt  
Hope  
Horan  
Ikard  
James  
Jarman  
Jensen  
Johnsen  
Johnson, Calif.  
Jonas  
Judd  
Kelly, N. Y.  
Kilday  
Kilgore  
Krueger  
Latham  
LeCompte  
Lipcomb  
Lofre  
McDonough  
McDowell  
McIntire  
McVey  
Mack, Wash.  
Magnuson  
Mahon  
Mailliard  
Marshall  
Meador

Metcalfe  
Miller, Nebr.  
Miller, N. Y.  
Moss  
Moulder  
Norblad  
O'Brien, N. Y.  
O'Konski  
Pfost  
Pillion  
Poage  
Radwan  
Rees, Kans.  
Rhodes, Ariz.  
Rivers  
Rogers, Colo.  
Rutherford  
Scherer  
Short  
Siler  
Simpson, Ill.  
Sisk  
Smith, Kans.  
Smith, Wis.  
Teague, Calif.  
Teague, Tex.  
Thomson, Wyo.  
Tollefson  
Udall  
Utt  
Vursell  
Watts  
Weaver  
Westland  
Wilson, Calif.  
Withrow  
Wolcott  
Wright  
Young  
Younger

ANSWERED "PRESENT"—1

Heselton

NOT VOTING—92

Bailey  
Baker  
Barden  
Barrett  
Bass, Tenn.  
Bell  
Boland  
Bowler  
Boykin  
Brooks, La.  
Brooks, Tex.  
Buckley  
Burdick  
Burleson  
Byrd  
Carnahan  
Celler  
Chase  
Chatham  
Chiperfield  
Christopher  
Clevenger  
Cole  
Crumpacker  
Davidson  
Davis, Wis.  
Dollinger  
Dolliver  
Dowdy  
Doyle  
Eberharter

Nelson  
O'Hara, Minn.  
Osmer  
Patman  
Phillips  
Pilcher  
Powell  
Preston  
Priest  
Rains  
Reece, Tenn.  
Riley  
Robison, Ky.  
Saylor  
Scrivner  
Scudder  
Shelley  
Spence  
Thompson, La.  
Thompson, Tex.  
Thornberry  
Van Pelt  
Van Zandt  
Velde  
Vinson  
Walter  
Wharton  
Whitten  
Wickersham  
Willis

So (two-thirds not having voted in favor thereof) the bill was rejected.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Baker.  
Mr. Thompson of Louisiana with Mr. Phillips.  
Mr. Brooks of Louisiana with Mr. Mason.  
Mr. Willis with Mr. McConnell.  
Mr. Patman with Mr. Chase.  
Mr. Burleson with Mr. Gamble.  
Mr. Morrison with Mr. Dolliver.  
Mr. Bell with Mr. Jackson.  
Mr. Thornberry with Mr. Kilburn.  
Mr. Thompson of Texas with Mr. Wharton.  
Mr. Bailey with Mr. Scudder.  
Mr. Garmatz with Mr. Saylor.  
Mr. Fallon with Mr. Reece of Tennessee.  
Mr. Pilcher with Mr. King of Pennsylvania.  
Mr. Vinson with Mr. Van Pelt.  
Mr. Preston with Mr. Robison of Kentucky.  
Mr. Barrett with Mr. Osmer.  
Mr. Boland with Mr. Crumpacker.  
Mr. Kelley of Pennsylvania with Mr. Hoffman of Michigan.  
Mr. Kirwan with Mr. Van Zandt.  
Mr. Kluczynski with Mr. Clevenger.  
Mr. Priest with Mr. Burdick.  
Mr. Gordon with Mr. O'Hara of Minnesota.  
Mr. Carnahan with Mr. Scrivner.  
Mr. Machrowicz with Mr. Hillings.  
Mr. Rains with Mr. Davis of Wisconsin.  
Mr. Whitten with Mr. Cole.  
Mr. Wickersham with Mr. Hoffman of Illinois.  
Mr. Walter with Mr. Chiperfield.  
Mr. Dowdy with Mr. Nelson.  
Mr. Brooks of Texas with Mr. Velde.

Mr. HOLIFIELD, Mr. HERLONG, Mr. KNOX, Mr. GWINN, Mr. ST. GEORGE, and Mr. SHEEHAN changed their votes from "nay" to "yea."

Mr. BERRY changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

## COMMITTEE ON WAYS AND MEANS

Mr. COOPER. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight tonight to file a report on H. R. 9969 and H. R. 12152.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

## CONSTRUCTION OF BRIDGES OVER THE POTOMAC RIVER

Mr. DAVIS of Georgia submitted the following conference report and statement on the bill (S. 2568) to amend title I of the act entitled "An act to authorize and direct the construction of bridges over the Potomac River, and for other purposes":

### CONFERENCE REPORT (H. REPT. No. 2879)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2568) to amend title I of the act entitled "An Act to authorize and direct the construction of bridges over the Potomac River, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments numbered 2 and 3.



That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same.

JAMES C. DAVIS,  
JOHN BELL WILLIAMS,  
JOEL T. BROYHILL,

*Managers on the Part of the House.*

ALAN BIBLE,  
J. ALLEN FREAR, Jr.,  
J. GLENN BEALL,

*Managers on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2568) to amend title I of the act entitled "An act to authorize and direct the construction of bridges over the Potomac River, and for other purposes," submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: This amendment provided that the bridge to be constructed should be a six-lane bascule-span bridge. The Senate recedes.

Amendment No. 2: This amendment struck out the provision of the Senate bill that the general location of the bridge, approaches, interchanges, and connecting roads on lands under the jurisdiction of the Secretary of the Interior shall be subject to his approval. The House recedes.

Amendment No. 3: The Senate bill provided that the Secretary of the Interior shall retain control and jurisdiction over certain park lands in the vicinity of the bridge. The House amendment provided that the Secretary should retain such jurisdiction only upon completion of the bridge. The House recedes.

JAMES C. DAVIS,  
JOHN BELL WILLIAMS,  
JOEL T. BROYHILL,

*Managers on the Part of the House.*

#### LEGISLATIVE PROGRAM

(Mr. McCORMACK asked and was given permission to address the House for 1 minute.)

Mr. McCORMACK. Mr. Speaker, this concludes the suspensions for today. The House has done an unusual job. We have acted upon every suspension with the exception of one, and that is H. R. 8364, which relates to cranberries and that is going to come up later in the week. A promise has been given to the gentleman from Massachusetts [Mr. NICHOLSON], that we bring it up under suspension later on in the week. I understand that the Canners Association has been flooding the Members with telegrams against this very meritorious bill. Of course, they have always opposed progress. I hope between now and when the bill comes up the Canners Association will get a little conscience and withdraw the telegrams and send telegrams in support of the bill.

Mr. NICHOLSON. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. You do not know how much I thank you, brother Member from Massachusetts. And, I do not understand the laughing, because this is not any laughing matter. This is taking care of the farmers, and I am surprised that anybody on the Agriculture Committee would stand up here against

a farmer's bill. But we will get an opportunity to see how they vote, anyway.

Mr. McCORMACK. And I hope they are going to vote with the gentleman.

#### TO AMEND TITLE III OF THE SERVICEMEN'S READJUSTMENT ACT OF 1944

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 9260) to amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 5, after "amended", insert "(A) by striking out 'ten' the first time it appears in the fourth sentence and inserting in lieu thereof 'eleven', (B)."

Page 2, lines 1 and 2, strike out "such section 500 (a) is further amended" and insert "(C)."

Page 5, line 11, after "unpaid", insert "and has assumed by contract all of the obligations of the veteran under the terms of the instruments creating and security the loan."

Page 5, line 16, after "amended", insert "(A) by striking out 'ten' the first time it appears in subsection (1) and inserting in lieu thereof 'eleven', and (B)."

Page 5, strike out all after line 20 over to and including line 5 on page 6 and insert:

"(10) Section 500 is amended by adding at the end thereof the following:

"(g) Notwithstanding any other provision of this title, if a loan report or an application for loan guaranty relating to a loan under this title has been received by the Administrator on or before July 25, 1958, such loan may be guaranteed or insured under the provisions of this title on or before July 25, 1959."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mrs. ROGERS of Massachusetts. Mr. Speaker, reserving the right to object, and I do not expect to object, I should like to ask the gentleman if this is not a somewhat better bill than the bill the House passed, a little more favorable to the veterans.

Mr. TEAGUE of Texas. The House passed a bill extending the GI housing program for 6 months. This bill extends the GI housing program for a year and by a redefinition of expiration it extends it for a year and a half.

Mrs. ROGERS of Massachusetts. That is very satisfactory, I will say to the gentleman.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

Mr. EDMONDSON. Mr. Speaker, I am very glad that the plane bringing me from Oklahoma arrived in time to permit my vote and support for this worthwhile bill.

Several months ago, we passed most of the provisions of this legislation through the House, to meet some of the urgent

needs for improvement and strengthening of our GI home-loan program.

The House bill endeavored to close the door on some of the abuses which have been the subject of much adverse publicity concerning this fine program, including the sale of entitlements to GI loans and transactions calling for under-the-table sales in excess of reasonable value.

As it now stands, the bill includes a much-needed provision extending the time that any World War II veteran may apply for a GI home loan to the date of July 25, 1958—a full year after the present expiration date—and providing that loans may continue to be processed and made under these applications until July 25, 1959.

Since millions of deserving World War II veterans are still desirous of taking advantage of the home-loan program, and have not yet had the opportunity to do so, this extension of time is manifestly needed.

It will also prevent or at least reduce a great dislocation of the home building industry which would certainly accompany a 1957 termination of this program, without provision for the greatly increased demand for loans that can be expected in the closing months.

For these reasons, I have sponsored a bill to extend this program for six years, which is probably a minimum period to take care of the probable future demand for these loans.

While I would like to see this longer extension period, I am aware that valid arguments against it do exist, and certainly recognize that a bird in the hand may be worth six in the bush.

I am very glad to have the opportunity to support this bill.

Mr. FASCELL. Mr. Speaker, the home-loan guaranty program for World War II veterans will expire on July 25, 1957. For practical administrative reasons, the program actually will end on or about January 1, 1957, since no further applications can be taken after that date and still have them processed and approved prior to the termination date.

Realizing the tremendous value of the home-loan guaranty program because of its economic impact on the Nation and because of the strong impetus it has given to home construction throughout the United States for the veteran and nonveteran alike, I sought ways and means to extend the program.

The extension of the World War II veterans' home-loan guaranty program so as to eliminate the bad effects of an abrupt termination had been recommended by the Bradley Commission, the President's Commission studying veterans' problems. It also had been recommended by veterans' groups, home-builders, labor groups, savings and loan associations, realtors, furniture and electrical-appliance manufacturers, wholesalers' and retailers' organizations.

The original intent of the Servicemen's Readjustment Act of 1944 was to provide a period in which our veterans could rehabilitate themselves, including the providing of a home for their families. That these veterans have not completely been rehabilitated is evident by



the fact that about 11 million World War II veterans have not been able to avail themselves of their entitlement under the act for a guaranteed home loan.

Accordingly, on April 12, 1956, I introduced H. R. 10469, and on June 27, 1956, I introduced H. R. 11991. Both of these measures would have extended the home-loan guaranty features of the Servicemen's Readjustment Act of 1944 for a period of 3 years and, in alternative methods, would have provided for a gradual termination of that program.

Both of these bills had for their purpose the softening of the blow to our national economy as this program came to its conclusion. Many felt that the abrupt termination of the program would be too serious an impact to absorb at this time. Furthermore, the encouragement of homebuilding is a worthy objective, and it was felt that a reasonable length of time should be given to those 11 million veterans to obtain their homes.

Consideration of these two measures was not undertaken because of the thought of some Members of Congress that the entire home-loan guaranty program of the Federal Government, that is under FHA and VA, should be integrated. This obviously would entail more time and study than was available during this session of Congress.

Although I would have preferred that study, consideration, and action be taken on the 2 proposals which I introduced, I realize that there is some merit to the idea of studying and considering the consolidation of the Government's 2 home-loan guaranty programs.

Since there was not sufficient time to undertake such a study during this session and although I would have preferred action on my two measures, I am pleased to see that the Committee on Veterans' Affairs of the House and the Committee on Labor and Public Welfare of the Senate, have, in H. R. 9260, extended the termination date of the loan guaranty program for World War II veterans for an additional year, that is until July 25, 1958. In addition, the bill provides that any loan which is being processed by the Administrator on the termination date, may be guaranteed if, on or before July 25, 1959, approval is granted and the loan is closed. This means, of course, that applications can be accepted through July 25, 1958, and the Veterans' Administration would have an additional year within which to process an application and to approve and issue a commitment.

I support the proposal in H. R. 9260 since it will extend the program and at the same time, give the Congress ample opportunity to study the measures which I introduced and the proposal to have a consolidated home-loan guaranty program.

#### TO AMEND SECTION 1 (D) OF THE CIVIL SERVICE RETIREMENT ACT OF MAY 29, 1930

Mr. ROBESON of Virginia. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 65) to amend section 1 (d) of the Civil Service Retirement Act of May 29, 1930, as amended.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. WILLIAMS of Mississippi. Mr. Speaker, reserving the right to object, may we have an explanation of the bill?

Mr. ROBESON of Virginia. I will say to the gentleman from Mississippi that the bill makes more clear the word "detention" that has been interpreted to the detriment of and discrimination against some of the employees of the Federal Prisons and Disciplinary Barracks.

The bill was reported out of the subcommittee unanimously and out of the full committee. I can see no reason for objection to it.

Mr. WILLIAMS of Mississippi. Mr. Speaker, the gentleman has not explained the bill. Could the gentleman tell us what is in the bill?

Mr. ROBESON of Virginia. If the gentleman is serious in his question I should be glad to explain the bill.

Mr. WILLIAMS of Mississippi. I am serious. May I ask the gentleman, was this bill introduced by the gentleman from Virginia?

Mr. ROBESON of Virginia. By no means. It is a Senate bill. I brought out the bill from the committee as chairman of the subcommittee.

Mr. WILLIAMS of Mississippi. The gentleman from Virginia supports this bill?

Mr. ROBESON of Virginia. That is correct.

Mr. WILLIAMS of Mississippi. He does not have any doubts about it?

Mr. ROBESON of Virginia. And I am surprised that the gentleman from Mississippi does not join with me in supporting the bill.

Mr. WILLIAMS of Mississippi. In view of that, Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That section 1 (d) of the Civil Service Retirement Act of May 29, 1930, as amended, is amended by adding the following: "The word 'detention' as used in this subsection shall be construed to include the duties of all officers and employees in the field service of the Bureau of Prisons, Federal Prison Industries, Inc., and officers and employees of the Public Health Service assigned to such field service, and all other officers and employees of the Bureau of Prisons and Federal Prison Industries, Inc., whose duties in connection with persons in detention suspected or convicted of offenses against the criminal laws of the United States, of the District of Columbia, and the punitive articles of the Uniform Code of Military Justice, involve direct contact with such persons in their direction, supervision, inspection, training, or employment."

With the following committee amendment:

Strike out all after the enacting clause and insert: "That section 1 (d) of the Civil Service Retirement Act of May 29, 1930, as amended, is amended by adding at the end thereof the following: 'The word "detention", as used in this subsection, shall be construed to include the duties of—

"(1) All officers and employees of the Bureau of Prisons and Federal Prison Industries, Incorporated,

"(2) all officers and employees of the Public Health Service assigned to the field service of the Bureau of Prisons or to the field service of Federal Prison Industries, Incorporated,

"(3) all civilian officers and employees employed in the field services at Army or Navy disciplinary barracks or at confinement and rehabilitation facilities operated by any of the United States armed services, and

"(4) all officers and employees of the Department of Corrections of the District of Columbia, its industries and utilities,

whose duties in connection with persons in detention suspected or convicted of offenses against the criminal laws of the United States or of the District of Columbia or offenses against the punitive articles of the Uniform Code of Military Justice require frequent (as determined by the appropriate administrative authority with the concurrence of the Civil Service Commission) direct contact with such persons in the detention, direction, supervision, inspection, training, employment, care, transportation, or rehabilitation of such persons."

The committee amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

#### VERENDRYE NATIONAL MONUMENT

Mr. ASPINALL submitted the following conference report and statement on the bill (H. R. 1774) to abolish the Verendrye National Monument, and to provide for its continued public use by the State of North Dakota for a State historic site, and for other purposes:

##### CONFERENCE REPORT (H. REPT. NO. 2886)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1774) to abolish the Verendrye National Monument, and to provide for its continued public use by the State of North Dakota for a State historic site, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 3, 4, and 5.

That the House recede from its disagreement to the amendments of the Senate numbered 2, and agree to the same.

WAYNE N. ASPINALL,  
GRACIE FOST,  
STEWART L. UDALL,  
E. Y. BERRY,  
CRAIG HOSMER,

*Managers on the Part of the House.*

ALAN BIBLE,  
WILLIAM R. LAIRD III,  
W. KERR SCOTT,  
GEO. M. MALONE,  
FRANK A. BARRETT,

*Managers on the Part of the Senate.*

##### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1774) to abolish the Verendrye National Monument, and to provide for its continued public use by the State of North Dakota for a State historic site, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended



in the accompanying conference report as to the amendments to the bill:

As agreed to by the managers on the part of the House, the conference committee version of H. R. 1774 differs from the bill as approved by the House in only one respect.

The House managers have agreed to a Senate amendment to section 1 of the House-passed version, which amendment subjects the lands authorized to be conveyed to a reservation to the United States of the right to flood such lands in connection with the operation and maintenance of the Garrison Dam and Reservoir Project. This amendment will preserve in the United States the right to exercise flowage easement rights over such minimal portion of the lands involved as will result from the flooding of a portion of the monument lands by the filling of the Garrison Reservoir behind Garrison Dam, presently under construction by the United States Corps of Engineers. Even with this flooding—at high water level and at normal pool level—of a portion of the monument lands along the north and west boundaries thereof, it is noted that the summit of Crow High Butte, the monument's principal feature, will still be 259 feet above maximum pool level of the reservoir.

In all other respects, the conference committee version of H. R. 1774 is identical to the House-approved bill.

WAYNE N. ASPINALL,  
GRACIE FFOST,  
STEWART L. UDALL,  
E. Y. BERRY,  
CRAIG HOSMER,

*Managers on the Part of the House.*

#### NUCLEAR-POWERED MERCHANT SHIP

Mr. BONNER. Mr. Speaker, I call up the conference report on the bill (H. R. 6243) authorizing the construction of a nuclear-powered merchant ship to promote the peacetime application of atomic energy, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 21, 1956.)

Mr. TOLLEFSON. Mr. Speaker, will the gentleman yield?

Mr. BONNER. I yield to the gentleman from Washington.

Mr. TOLLEFSON. I know there is in the report reference to the type of reactor that ought to be built into the ship. Is our understanding correct that the type of reactor and powerplant shall be left to the discretion of the Atomic Energy Commission?

Mr. BONNER. That is correct. The reference is due to the fact that it was thought best not to put in this ship the reactor of the *Nautilus* type but to leave it to the discretion of the Atomic Energy Commission.

[Mr. TOLLEFSON addressed the House. His remarks will appear hereafter in the Appendix.]

(Mr. TOLLEFSON asked and was given permission to revise and extend his remarks.)

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

#### COMMITTEE ON PUBLIC WORKS

Mr. BLATNIK. Mr. Speaker, I ask unanimous consent that the Committee on Public Works may have until midnight tonight to file sundry reports.

Mr. MARTIN. Reserving the right to object, Mr. Speaker, are there any minority reports to be filed on these bills?

Mr. BLATNIK. There are no minority reports.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

#### AWARD OF CROSS OF GRAND COMMANDER OF THE ROYAL ORDER OF THE PHOENIX, TENDERED BY THE GOVERNMENT OF THE KINGDOM OF GREECE

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 12358) to authorize the Honorable WAYNE L. HAYS, the Honorable WALTER H. JUDD, the Honorable JOHN J. ROONEY, and the Honorable JOHN TABER, Members of the House of Representatives to accept and wear the award of the Cross of Grand Commander of the Royal Order of the Phoenix, tendered by the Government of the Kingdom of Greece.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. GROSS. Reserving the right to object, Mr. Speaker, what are the qualifications for wearing this medal?

Mr. HAYS of Ohio. I would say to the gentleman that I am not exactly sure, but I think my qualifications were that I made a speech saying that I thought the British Government should give the island of Cyprus self-determination.

Mr. SCOTT. Reserving the right to object, Mr. Speaker, may I ask the gentleman from Ohio if this comes as a reward for statesmanship?

Mr. McCORMACK. Of course, the gentleman from Ohio is not only one of the most statesmanlike Members of the House but one of the most courageous.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Honorable WAYNE L. HAYS, Representative from the State of Ohio, the Honorable WALTER H. JUDD, Representative from the State of Minnesota, the Honorable JOHN J. ROONEY, Representative from the State of New York, and the Honorable JOHN TABER, Representative from the State of New York, are authorized to accept the award of the Cross of Grand Commander of the Royal Order of the Phoenix, together with any decorations and documents evidencing such award. The Department of State is authorized to deliver to

the Honorable WAYNE L. HAYS, the Honorable WALTER H. JUDD, the Honorable JOHN J. ROONEY, and the Honorable JOHN TABER any such decorations and documents evidencing such award.

SEC. 2. Notwithstanding section 2 of the act of January 31, 1881 (ch. 32, 21 Stat. 604; 5 U. S. C. 114), or other provision of law to the contrary, the named recipients may wear and display the aforementioned decoration after acceptance thereof.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### REAL ESTATE INVESTMENT TRUSTS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 4392) to amend the Internal Revenue Code of 1954 to provide a special method of taxation for real-estate investment trusts.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That subchapter M of chapter 1 of the Internal Revenue Code of 1954 (relating to regulated investment companies) is hereby amended by adding at the end thereof the following:

#### "PART II—REAL ESTATE INVESTMENT TRUSTS

"Sec. 856. Definition of real-estate investment trust.

"Sec. 857. Taxation of real-estate investment trusts and their beneficiaries.

"Sec. 858. Limitations applicable to dividends received from real-estate investment trust.

"Sec. 859. Dividends paid by real-estate investment trust after close of taxable year.

"SEC. 856. Definition of real-estate investment trust.

"(a) In general: For purposes of this subtitle, the term 'real estate investment trust' means an unincorporated trust or an unincorporated association—

"(1) which is managed by one or more trustees;

"(2) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;

"(3) which (but for the provisions of this part) would be taxable as a corporation; and

"(4) which meets the requirements of subsection (b).

"(b) Limitations: A trust or association shall not be considered a real estate investment trust for any taxable year unless—

"(1) At least 90 percent of its gross income is derived from—

"(A) dividends;

"(B) interest;

"(C) rents from real property;

"(D) gain from the sale or other disposition of stock, securities, and real property (including interests in real property and interests in mortgages on real property); and

"(E) abatements and refunds of taxes on real property.

"(2) At least 60 percent of its gross income is derived from—

"(A) rents from real property;

"(B) interest on obligations secured by mortgages on real estate;

"(C) gain from the sale or other disposition of real property (including interests in real property, and interests in mortgages on real property);







Public Law 898 - 84th Congress  
Chapter 854 - 2d Session  
H. R. 9260

AN ACT

All 70 Stat. 913.

To amend title III of the Servicemen's Readjustment Act of 1944, as amended, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That title III of the Servicemen's Readjustment Act of 1944, as amended, is hereby amended as follows:

Servicemen's  
readjustment  
benefits.

(1) Section 500 (a) is amended (A) by striking out "ten" the first time it appears in the fourth sentence and inserting in lieu thereof "eleven", (B) by deleting the colon immediately preceding the last proviso and inserting in lieu thereof the following: "and, notwithstanding any other provision of this section to the contrary, an entitlement may be so excluded and restored to the use of any veteran at any time prior to January 31, 1965, for the purpose of obtaining a loan which will be guaranteed or insured in accordance with the provisions of this title:", and (C) by adding at the end thereof the following: "In computing the aggregate amount of guaranty or insurance entitlement available to a veteran under this title, the Administrator shall exclude the amount of guaranty or insurance entitlement previously used for any loan guaranteed or insured under section 501 which has been repaid in full, and with respect to which the real property which served as security for the loan has been disposed of because the veteran, while in the active service, was transferred by the military department with which he was serving."

Loans.  
59 Stat. 626.  
38 USC 694.

(2) Section 500 (c) is amended by striking the third sentence and inserting in lieu thereof: "Upon making a loan as provided herein, the lender shall forthwith transmit to the Administrator a report thereof in such detail as the Administrator may, from time to time, prescribe."

38 USC 694a.

38 USC 694.

(3) Section 501 (a) is amended by striking subsection (3) and inserting in lieu thereof the following: "(3) That the price paid or to be paid by the veteran for such property, or for the cost of construction, repairs, or alterations, does not exceed the reasonable value thereof as determined by the Administrator."

38 USC 694a.

(4) Section 502 (a) is amended by striking out subsection (4) and inserting in lieu thereof the following: "(4) That the price paid or to be paid by the veteran for such property, or for the cost of construction, repairs, or alterations, does not exceed the reasonable value thereof as determined by the Administrator."

38 USC 694b.

(5) Section 503 is amended by striking out subsection (4) and inserting in lieu thereof the following: "(4) That the price paid or to be paid by the veteran for such property, or for the cost of construction, repairs, or alterations, does not exceed the reasonable value thereof as determined by the Administrator."

38 USC 694c.

(6) Section 503A is amended by striking out the first paragraph and inserting in lieu thereof the following: "Whoever knowingly makes, effects, or participates in a sale of any property to a veteran for a consideration in excess of the reasonable value of such property as determined by the Administrator, shall, if the veteran pays for such property in whole or in part with the proceeds of a loan guaranteed

65 Stat. 320.  
38 USC 694c-1.



38 USC 694a-  
694c.

by the Veterans' Administration under section 501, 502, or 503 of this title, be liable for three times the amount of such excess consideration irrespective of whether such person has received any part thereof."

38 USC 694d.

(7) Section 504 is amended by adding a new subsection (d) to read as follows: "(d) No loan for the purchase or construction of residential property shall be financed through the assistance of the provisions of this title unless the veteran applicant, at the time that he applies for the loan, and also at the time that the loan is closed, certifies, in such form as may be required by the Administrator, that he intends to occupy the property as his home. No loan for the repair, alteration, or improvement of residential property shall be financed through the assistance of the provisions of this title unless the veteran applicant, at the time that he applies to the lender for the loan, and also at the time that the loan is closed, certifies, in such form as may be required by the Administrator, that he occupies the property as his home. For the purpose of this title the requirement that the veteran recipient of a guaranteed or direct home loan must occupy or intend to occupy the property as his home shall be construed to mean that the veteran as of the date of his certification actually lives in the property personally as his residence or actually intends upon completion of the loan and acquisition of the dwelling unit to move into the property personally within a reasonable time and to utilize such property as his residence."

38 USC 694g.

(8) Section 506 is amended by designating the existing provisions therein as subsection (a) and by adding a new subsection (b) to read as follows: "(b) Whenever any veteran disposes of residential property securing a guaranteed, insured, or direct loan obtained by him under this title, the Administrator, upon application made by such veteran and by the transferee incident to such disposal, shall issue to such veteran in connection with such disposal a release relieving him of all further liability to the Administrator on account of such loan (including liability for any loss resulting from any default of the transferee or any subsequent purchaser of such property) if the Administrator has determined, after such investigation as he may deem appropriate, that (1) the loan is current, and (2) the purchaser of such property from such veteran (a) has obligated himself by contract to purchase such property and to assume full liability for the repayment of the balance of the loan remaining unpaid, and has assumed by contract all of the obligations of the veteran under the terms of the instruments creating and securing the loan, and (b) qualifies from a credit standpoint, to the same extent as if he were a veteran eligible under section 501 (a), for a guaranteed or insured or direct loan in an amount equal to the unpaid balance of the obligation for which he has assumed liability."

38 USC 694h.

(9) Section 507 is amended (A) by striking out "ten" the first time it appears in subsection (1) and inserting in lieu thereof "eleven", and (B) by striking out subsection (3) and inserting in lieu thereof the following: "(3) The amount of the guaranteed loan does not exceed the reasonable value of the property or business, as determined by the Administrator."

38 USC 694.

(10) Section 500 is amended by adding at the end thereof the following:

“(g) Notwithstanding any other provision of this title, if a loan report or an application for loan guaranty relating to a loan under this title has been received by the Administrator on or before July 25, 1958, such loan may be guaranteed or insured under the provisions of this title on or before July 25, 1959.”

Approved August 1, 1956.

